In the United States District Court for the
Northern District of Illinois, Eastern Division

Michael W. Underwood, Joseph M. Vuich, Raymond Scacchitti, Robert McNulty, John E. Dorn, William J. Selke, Janiece R. Archer, Dennis Mushol, Richard Aguinaga, James Sandow, Catherine A. Sandow, Marie Johnston, and 388 other Named Plaintiffs listed in Exhibit 1,	)	
Plaintiffs,	)	Case No. 13-Cv-5687
vs.	)	
CITY OF CHICAGO, a Municipal Corporation,	)	Previous Nos. in Cook County Circuit Court 01 CH 4962 87 CH 10134
Defendant,	)	Removed From 2013 CH 17450
and	)	
Trustees of the Policemen's Annuity and Benefit Fund of Chicago;	)	
Trustees of the Firemen's Annuity and Benefit Fund of Chicago;	)	
Trustees of the Municipal Employees' Annuity and Benefit Fund of Chicago; and	)	
Trustees of the Laborers' & Retirement Board Employees' Annuity & Benefit Fund of Chicago Defendants.	)	

Plaintiffs' Reply in Support of
Motion to enjoin City from Changing terms of Retiree Healthcare during the Litigation and Without Six Months' Notice

While the City's opposition certainly takes a "hardball" approach, it entirely omits mention or misstates the facts that (1) the state courts have repeatedly recognized the "irreparable injury" and "inadequate remedy" presented by the City's unilateral change in healthcare benefits for retirees, and enjoined the City from changing terms while the litigation over the legality is pending, (2) the state courts have upheld the previous state court complaints asserting the City's obligation to continue healthcare unchanged for current participants, (3) the Illinois Constitution's Article XIII, §5 protection of "benefits of participation" in a government retirement system is not limited to "pension" payments, (4) the Illinois Supreme Court is currently addressing this issue in the context of the State retirees' healthcare coverage, on which both the Plaintiffs here and the City have filed *amicus* briefs on how decision on those issues affects retirees in this case, (5) the City has failed to live up to its commitments to retirees to give them six months to evaluate the City's intended changes, and (6) the healthcare exchanges are not comparable to the current plan due to drastically increased out-of-pocket and substantially reduced provider networks from the current PPO coverage.

Altogether, this court should continue the past practice in this litigation of enjoining the City from unilaterally changing the terms of retiree healthcare coverage while the matter is being addressed by the court.

1. The background to this case alone demonstrates both a more-than-sufficient likelihood of prevailing, as well as recognized and demonstrable irreparable injury and inadequate remedy.

As described in the complaint, the City first launched its Korshak healthcare lawsuit as a counterattack to being held liable for misusing retirement Funds' moneys for its own use. Ryan v City of Chicago, 83 Ch 390 (Cir. Court Cook County). (See Ex. 1, Minutes of Police Fund trustees). Rebuffed by the trustees in its backdoor offer/threat to cut off retiree healthcare coverage, or waive the city's claim in exchange for waiving the Ryan judgment obtained for the Funds, the City originally sued the Funds' trustees, seeking a declaration that the City was not obligated to provide or continue providing retiree healthcare, and recovery of the City's past healthcare expenditures from the Funds. The Funds, and the Participant Class Intervenors, sought and obtained dismissal of the City's claims, denial of the City's motion to dismiss the counterclaims seeking to continue coverage, and upholding the claims of equitable estoppel and contract against the City's unilaterally changing the terms of coverage during the litigation. (Ex. 2, May 16, 1988 Order dismissing City's complaint, and denying the City's motions to dismiss the counterclaims, and Ex.3, May 16, 1988 Transcript of Proceedings, at 60-70.) That was followed by a series of agreed orders enjoining the City from "terminating or altering its current practice of paying all costs of coverage in excess of the rates which were established in April of 1982". Ex. 4, Order entered January 29, 1988.

The *status quo* was maintained throughout the trial of the case in June 1988, continued through the first settlement's approval, and was ordered by the appellate court to continue thereafter over the City's objection while challenged by undersigned class counsel for the 1987 retiree Korshak class. Ex. 5, Order, Illinois Appellate Court February 14, 1990 (staying trial court orders and enjoining City "from changing terms of its annuitant healthcare program while this appeal pends".)

At the conclusion of that ten year settlement, the appellate court's ordered revival for the participants, the City and Krislov eventually reached other settlements, reconciliations, and agreed to a 2003 Settlement, which only recently expired June 30, 2013.

Despite Krislov's repeated requests to City counsel to work together to achieve a permanent resolution prior to the Korshak settlement's June 30, 2013 expiration, the City wrote annuitants on May 15, 2013, indicating that it planned to leave the pre-8/23/89 retirees settlement class mostly unchanged, it declared its intention to wean the post-8/23/89 retirees off their current coverage, ending it entirely by 1/1/2017, and would give notice of its 2014-2016 plans "this summer" 2013. Not fulfilling that assurance, it waited until October 7, 2013, and simply sent out notifications of rate and program changes to participants, which announced substantial increases, some by as much as 60% or $500 increase per month. (Ex. 6, October 7, 2013 mailings to annuitants with incorrect rates). The immediate shock by fixed income retirees, when undersigned counsel released the new rates to the inquiring press, resulted in the City purporting that the printer had sent out the wrong rates (*see* Ex.7, City's October 8, 2013 correction letter), and slightly reducing the increases, now no more than about 50% and $400 monthly increase. All of this now without the Settlement's oversight of both rates and auditing the actual charges. The reconciliation, in each year of the Korshak settlement, have shown that the City's set rates resulted in overcharges to virtually all participants.

Perhaps compounded by the chaotic rollout of the federal Affordable Care Act's website problems, as well as the revelations that the out of pocket provisions of the federal program (being as much as $6000-$12,000, compared with the City retiree current program's $300 per person/$900 max. per family) coupled with the sharply reduced networks under the ACA/Obamacare, mean that class members are, on very short notice, having to either incur dramatically higher rates (under the City plan), or devastatingly increased out of pocket expenses annually under the federal healthcare exchange programs).

And while the City pooh-poohs this as merely money outlay, for retirees on fixed income annuities, the difference represents huge lifestyle changes, in some cases foregoing treatments, or having to go back to work, with some entirely unanticipated results.[1] In retirement, imposing significant increases on fixed income retirees may well involve only money issues to the City, but the impact on retirees' lives and security goes way beyond monetary. Indeed, having to sacrifice substantial lifestyle contractions in one's post-retirement years represent lost life enjoyment that

[1] *See e.g.*, Ex. 8, In the Korshak litigation, we received more than 100 affidavit declarations from participants objecting to the first settlement (to which only the City and Trustees supported). One of them, from Harry Belluomini, described that despite medical problems and other increased costs, he would have to seek fulltime employment. (*See* Belluomini's March 1, 1990 affidavit). Belluomini (pronounced BelAhMinee, and went by "Harry Bell") retired August 1, 1988, worked as a contract federal court security officer, and on July 20, 1992, was killed in a shootout in the Dirksen building underground garage after shooting Jeffrey Erickson, an escaping bank robber, who had already killed another guard. (*See* Ex. 9, Tribune reports of Detective Belluomini's widow's efforts to obtain his entitled federal benefits.)

mere money years later, no matter how much, is not an adequate remedy.

2. Substantial Likelihood of prevailing.

A. The State Constitutional protection of benefits is the distinguishing factor here.

The City's opposition brief (at 9-10), refers to its motion to dismiss memorandum at 15, which cites only to the New York decision over benefits not mentioned in that State's pension laws. What the City leaves out is that the Supreme Courts of Hawaii[2] and Alaska[3] both held that the retirement benefits protection clauses protect health insurance benefits, not just annuity payments, supported by a host of States' appellate decisions declaring health benefits to be within the protected retirement benefits.

The Illinois Constitution's Article XIII §5's protection is not limited to protecting merely pension annuity payments, and the Illinois Supreme Court is currently considering the application of the provision to health benefits.

Although the City relabels the provision as merely the "Pension Clause", its language is not so limited, protecting any benefits of membership in a state or local governmental retirement

[2] *Everson v. State*, 122 Hawai'I 402, 419, 228 P.3d 282, 299 (2010), distinguishing from Michigan's constitution that protects "accrued financial benefits", Hawaii's non-impairment clause "uses the words 'accrued benefits' without qualifying the word 'benefits' with 'financial'."

[3] *Duncan v. Retired Public Employees of Alaska, Inc.*, 71 P.3d 882, 888 (Alaska 2003). "We conclude that the term "accrued benefits" …includes all retirement benefits that make up the retirement benefit package that becomes part of the contact of employment when the public employee is hired, including health insurance benefits.", noting as well a host of decisions from numerous states, most of which held that health insurance benefits are within the protected retirement benefits. See *Duncan*, at 888, n.23, citing *Thorning v. Hollister Sch. Dist*., 11 Cal.App.4th 1598, 15 Cal.Rptr.2d 91,95 (1992), *Weiner v. County of Essex*, 262 NJSuper. 270, 620 A.2d 1071, 1079-80 (1992); *Emerling v. Village of Hamburg*, 255 A.S.2d 960, 680 NYS2d 37,37-38(NY App Div 1998); *McMinn v. City of Oklahoma City*, 952P.2d 517, 521-22 (Okla. 1997); *State ex rel. City of Wheeling Retirees Ass'n, Inc. v. City of Wheeling,* 185 W.Va 380, 407 SE2d 384, 387 (1991), and *Dadisman v. Moore*, 181 W.Va. 779, 384 SE2d 816, 829-31 (1988); as well as a minority of decisions going the other way: *Colorado Springs Fire Fighters Ass'n Local 5 v. City of Colorado Springs*, 784 P.2d 766, 770-73 (Colo. 1989); *Musselman v. Governor*, 448 Mich.503, 533 NW2d 237 (1995) *modified* 450 Mich. 574, 545 NW2d 346, 347-48 (1996); and *Davis v. Wilson County*, 70 SW 3d 724, 727-28 (Tenn. 2002).

system against being diminished or impaired.[4]

Moreover, the significance and likelihood of Article XIII §5's application to healthcare benefits is underscored by the fact that the case currently pending before the Illinois Supreme Court is there by that court's grant of direct appeal of the Sangamon County Circuit Court's declaration that healthcare benefits are not protected benefits. *Kanerva v. Weems*, No. 115811, argued September 18, 2013. Indeed, both Plaintiffs here and the City recognize the importance of the decision there to this case, and, recognizing that there are differences between the State retirees' claims (notably State retirees' lack of a Pension Code statutory healthcare provision like those applicable to the city's participants here), both the City and the Participants have filed *amicus* curiae briefs presenting their respective positions on that case, on which a decision will likely be rendered and have significant impact here. Keeping the *status quo* at least until then will cause the City no material harm, and will avoid unnecessary upheaval for retiree participants. (*See* Ex. 10 and 11, Our, and the City's, *amicus* curiae briefs in *Kanerva*.)[5]

3. The substantial changes in dropping the City plan for the Healthcare Exchanges is of a monetary magnitude with vastly greater impact on retirees than the City, for whatever period it takes to resolve the legality issues.

Although the City trots out the idea that the retirees will be better off on the Affordable Healthcare Act/Obamacare exchanges, the chaotic rollout, coupled with the dramatic increases in out of pocket annual expenditures and the sharply restricted provider networks combine to make the Exchange plans a drastic and inferior program for these retiree participants, many of whom do

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[4] **Section 5. Pension and Retirement Rights**.
"Membership in any pension or retirement system of the State, any unit of local government or school district, or any agency or instrumentality thereof, shall be an enforceable contractual relationship, the benfits of which shall not be diminished or impaired."

[5] The arguments before the Illinois Supreme Court are viewable online, to the extent the court wishes to view or hear them: www.illinoiscourts.gov/ , under argumentshttp://multimedia.illinois.gov/court/SupremeCourt/video/2013/091813_115811.wmv

not qualify for medicare coverage because their City employment began before April 1, 1986,[6]

Although the City alludes to the idea that subsidized premiums make the federal Exchange programs a money-saving alternative for retirees, the Chicago Tribune's recent article makes it clear that the health care exchanges (with deductibles ranging from $6,000 to $12,000 annually[7], and severely limited provider networks, compared with the current PPO plans with $300-$600 annual deductibles, and full provider choice) might be desirable options only for those with absolutely no current coverage. Blithely informing retirees that they will save money by going on the Exchanges, focusing solely on the monthly premium charges seems little more than a sham device to induce uninformed retirees to drop their City coverage, opening them up for near-bankrupting costs to individuals.

And the affected participants present the stark and dire impact of the new rates upon them, presenting immediate and drastic impact on their lives that is not remedied by just eventually paying them back if we are successful. Gouging their retirement annuities by substantial increases in rates, forcing many to forego the pleasures of their lives in retirement, is simply not remedied by eventually paying back the excess in the future. Indeed, the ones frightened into jumping into the healthcare exchanges in pursuit of possible subsidized premiums will not likely be reimbursed for the thousands of dollars in additional deductibles they may unintentionally subject themselves. *See* Ex. 12, Verified Statements received from participants.

In contrast, the City presents no evidence of immediate financial danger from having to continue coverage unchanged for the duration of this case. Even the RHBC report's conclusion of

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[6] Although all public employees who started their public employment after 4/1/1986 earn medicare qualifying quarters, those who began their public employment prior to 4/1/1986 did not earn Medicare qualifying quarters even for subsequent quarters of their public employment. COBRA exemption from coverage for state & local employees whose work began before 4/1/1986 PL99-272 sec.13205(a)

[7] *See* Ex. 11, "Obamacare deductibles a dose of sticker shock", Chicago Tribune, October 13, 2013.

the additional cost faced by the City is a very small percentage of the city's annual budget for any year.

WHEREFORE, the court should preserve the *status quo*, and enjoin the City from changing the terms of its retiree healthcare program, either while this litigation pends, or at least until the Illinois Supreme Court renders its *Kanerva* ruling.

Dated: October 23, 2013

By: /s/Clinton A. Krislov
Attorney for Plaintiffs, Participants

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Verification

I do verify, under penalty of perjury, that the factual assertions in the foregoing reply are true.

/s/Clinton A. Krislov

Certificate of Service

I certify that service of the foregoing document was made this day of filing, via the CM/ECF system.

/s/ Clinton A. Krislov

EXHIBIT 1

THE RETIREMENT BOARD

OF THE

Policemen's Annuity and Benefit Fund

City of Chicago

221 NORTH LA SALLE STREET — ROOM 1626
CHICAGO, ILLINOIS 60601
TELEPHONE 744-3891, 744-3892, 744-3893

MINUTES OF A SPECIAL MEETING
HELD IN THE OFFICE OF THE FUND
MAY 11, 1987

PRESENT: President Korshak, Recording Secretary McDonough, Trustees Allison and Norris, Attorney Kugler, Executive Director Jones and Comptroller Waters.

The subject of the meeting was a lawsuit filed against the City of Chicago in January, 1983, by retired Police Officer Martin Ryan. Mr. Ryan alleged the City of Chicago was not making its contributions to the City Pension Funds in a timely fashion, nor was it paying interest on the money when it did remit same to the Funds. The suit was decided in favor of Mr. Ryan and the City was judged to be in arrears to the Funds in interest payments in the excess of $25,000,000.00. The City appealed that decision and was denied reversal. It appealed that decision to the Illinois Supreme Court and was told the Court would not hear the case. The case was remanded back to Judge Shields in the Circuit Court who now says the City must satisfy its debt. The Policemen's Annuity and Benefit Fund is due approximately $7,250,000.00 in interest.

On May 8, 1987, attorney for the Board, David Kugler, was called to a meeting by Corporation Counsel Judson Miner and Assistant Coporation Counsel Amy Becket. The City informed Mr. Kugler it did not have the money to pay its indebtedness at this time. Mr. Kugler was also informed the the Corporation Counsel's office has reviewed the City budgets for the past several years and has discovered that the City Council never appropriated funds to supplement the hospitalization claims of the retired employees.

Mr. Kugler was informed that because of this fact, the city could sue the Pension Funds for recovery of the monies. The amount for the Policemen's Annuity and Benefit Fund is approximately $25,000,000.00. However, the City does not want to sue the Fund, but some citizen may sue.

The City suggested to Mr. Kugler that he speak to the Board and advise that the City would not sue for the hospitalization payments if the Fund would waive payment of the $7,250,000.00 due in interest in the Ryan case. The City said it would send a representative to meet with Board members, if desired by the Board, for further discussion.

After much discussion the Board members present stated that such a trade-off was not possible. The Fund must recover the $7,250,000.00 due. Attorney Kugler was instructed to return to the Corporation Counsel and present the Board's position, namely, that the Board must receive the $7,250,000.00 and is willing to cooperate with the City in this matter.

Jim McDonough
Recording Secretary

EXHIBIT
4

F000530

EXHIBIT 2

ORDER CCG-2

IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS

CITY OF CHICAGO
Plaintiff-Counterdef.

v.

MARSHALL KORSHAK, et al.,
Defendants-Counter-plaintiffs.

NO. 87 CH 10134

ORDER

This cause coming to be heard on defendants' motions to dismiss the City of Chicago's Complaint, and on the City of Chicago's motions to dismiss the Counterclaims filed by each of the four defendants, and the Court being fully advised is the premises, and having reviewed all relevant filings and heard the arguments of counsel,

IT IS HEREBY ORDERED: FOR THE REASONS STATED IN OPEN COURT:

(1) Defendants motions to dismiss the City Complaint are granted with prejudice;
(2) The City is denied leave to amend;
(3) The City motions to dismiss the Unified Counterclaims are denied;
(4) The City must answer on Monday May 23rd; and
(5) This matter set for pre-trial, in chambers, at 2:30 p.m. Monday May 23rd, in Room 2305.

Atty No. 23414
Name Kevin M. Forde
Attorney for Police Fund Defendant
Address 111 W. Washington
City Chicago
Telephone 641-1441

ENTERED MAY 18 1988 A. GREEN 129

................, 19....

ENTER:

....
Judge Judge's No.

MORGAN M. FINLEY, CLERK OF THE CIRCUIT COURT OF COOK COUNTY

EXHIBIT 3

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

IN THE CIRCUIT COURT OF COOK COUNTY
COUNTY DEPARTMENT-CHANCERY DIVISION

CITY OF CHICAGO, a municipal corporation, Plaintiff,	)	
- vs -	)	No. 87-CH-10134
MARSHALL KORSHAK, et al, Defendants.	)	

REPORT OF PROCEEDINGS at the hearing of the above-entitled cause before the Honorable ALBERT GREEN, Judge of said Court, on the 16th day of May, A. D. 1988, at the hour of 2:00 o'clock P. M.

EXHIBIT
8

respect to their various claims.

That's an erroneous argument on the part of Mr. Burns. We have nothing further.

THE COURT: I would like to state this for the record. This court does not live in a vacuum, and I've been privy and conversant with a lot that's been going on in this particular case.

I have set these two sets of motions specifically for today. I have reviewed all of the pertinent pleadings, and you've all agreed that I've reviewed them, and I have listened to your arguments, and I full well know the time constraints that we are confronted with, that May 31st being a deadline date, so to speak.

As to these motions, this matter comes before this court on the defendants' four separate motions to dismiss the City of Chicago's complaint for mandamus, restitution, and other relief.

The city concurrently brings its motion to dismiss the four separate counterclaims filed by the defendants.

The defendants to this action are the Board members of the four separate annuity and benefit funds for policemen, firemen, municipal employees, and the laborers, and Retirement Board employees.

Plaintiff brought this action seeking a writ of mandamus to compel the funds' Boards to enter into contracts for group health care for their funds' annuitants pursuant to their statutory obligations.

The authority creating these fund Boards is found in Articles 5, 6, 8, and 10 of the Illinois Pension Code, the Illinois Revised Statutes, Chapter 108 1/2.

Relevant sections of this chapter set forth the obligations of the Boards governing these funds.

The Policeman's Annuity Fund Act, Illinois Revised Statute, Chapter 108 1/2, Section 5-167, and the Firemen's Annuity Fund Act, Chapter 108 1/2, Section 6-164.2, since January 12, 1983 have provided in relevant part for the funds to enter into a contract with an insurance carrier to provide group health insurance for all annuitants.

It states, quote, "The Board shall pay the premiums for such health insurance for each annuitant with funds provided as follows. The basic monthly premium for each annuitant shall be contributed by the city from the tax levy prescribed in Section 5-168 up to a maximum of $55 per month if the annuitant is not qualified to receive Medicare benefits or up to a maximum of $21 per month if the annuitant is qualified to receive Medicare benefits."

It goes on, "If the basic monthly premium exceeds the maximum amount to be contributed by the city on his behalf, such excess shall be deducted by the Board from the annuitant's monthly annuity, unless the annuitant elects to terminate his coverage under this section, which he may do at any time."

The statutory provisions establishing the Boards for the Municipal Employees and the Laborers and Retirement Employees have been in effect since 1985, Illinois Revised Statutes, Chapter 108 1/2, Section 8-192 and Section 11-181.

These two funds draw their authority from Section 8-164.1 and Section 11-160.1, which are identical and provide that; one, each annuitant who is over 65 years of age and had at least 15 years of municipal employment may participate in a group hospital care plan and a group medical and surgical plan, a plan approved by the -- in a plan approved by the Board; two, the Board is authorized to make health insurance payments from the city's tax levy up to $25 per month per annuitant; and three, if the monthly premium exceeds the $25 statutory authorization; one, the excess may be deducted from the annuitant's annuity at his election, or else; B, the coverage shall terminate.

Count 2 of the plaintiff's complaint seeks to recover funds which the city alleges it wrongfully expended without a statutorily required appropriation on behalf of annuitants of the four funds from 1980 to the present.

The annuitants of all four funds have been receiving health insurance through the city, which is a self-insurer.

The funds allege that approximately 26,000 persons, including annuitants, their surviving spouses, and dependents, participate in the program.

The city alleges that its excess costs for health insurance on behalf of these annuitants for the period 1980 through June 1987 total approximately 58.8 million dollars over and above the premiums paid by the funds for the annuitants' health insurance costs.

The Policemen's Fund in its memo in support of its motion to dismiss alleges the following; that since 1964 many of its fund annuitants have participated in a group medical benefits program sponsored by the city, that the program has been administered on a self-funded, quote, "claims made," close quote--and I emphasize claims made -- basis since the mid-1970s, that there is no insurance policy issued by an insurance company to cover claims made by the annuitants, that, rather, when a covered claim is submitted by a covered individual, whether an active employee or a covered annuitant, the city simply reimburses the private carriers which, as the city's agents, administer the program and pay the claims made by the covered individuals.

The memo further alleges that the monthly rates charged by the annuitants were periodically increased between the mid-1960s and April of 1982.

Since the program became self-funded, the city has been paying a portion of the costs of the annuitants' medical benefits, and the fund has deducted the premium specified by the city.

The Policeman's Fund alleges that the city established monthly premiums for the annuitants which have remained unchanged from their effective date of April 1, 1982 until the present date, notwithstanding the fact that the actual cost of the annuitants' coverage increased dramatically during that period.

Since 1982 the city has paid the cost of the fund's annuitants' medical benefits to the extent it exceeds the established premiums.

The Policemen's Fund memo further alleges that the fund was never directed by the city to make deductions for retired employees nor to increase the amounts being deducted from the annuitants' monthly checks for the cost of their dependents' health benefits.

In mid-October of 1987 the fund's executive director received a letter from the city corporation counsel advising the fund that from 1980 to the present the city paid health care costs for the annuitants of the four pension funds in excess of the contributions made by the funds for the costs.

The letter stated that the city viewed the quote, "payments," close quote, as illegally made and had, therefore, filed suit seeking to recover the monies plus interest.

Finally, the letter advised the funds that the city would cease making health care payments to pension fund annuitants as of January 1, 1988.

The motions to dismiss filed by the other three funds allege virtually the same facts.

As to Count 1, the funds allege that the city has failed to state a cause of action for its writ of mandamus.

First, they argue the city is not the proper party to seek a writ of mandamus, because the city has no legal right to compel the funds' performance of their statutory duties.

Defendants urge that the statute addresses group health insurance for the funds' annuitants and directs the Board to take certain actions with respect to that coverage.

They argue that the city itself is given no rights, duties, or responsibilities with respect to the annuitants' health insurance coverage.

Defendants allege that thus the city has no right to seek a writ of mandamus to compel the Board to act under the statute.

Secondly, the defendants urge that even assuming the city has standing, a writ of mandamus is not available to compel the discretionary acts described in the statute.

The statute requires the funds to select a carrier to provide health insurance to the annuitants and to enter into a contract for such coverage.

The statute specified many criteria to be considered in selecting a carrier.

Defendants urge that the discretion required of them to do so is not proper subject matter for a writ of mandamus.

Third, the defendants urge that

the plaintiff's Count 1 is further deficient in that it fails to allege facts demonstrating defendants have breached their duty to enter into a contract.

Defendants argue that facts alleged by plaintiff actually demonstrate that the funds have fulfilled their duty to contract for insurance, as their annuitants have been receiving health insurance through the city's self-insurance program.

Defendants argue that the city is the carrier for their annuitants' insurance.

This court agrees that the city's Count 1 fails to state a cause of action for a writ of mandamus to issue.

Its conclusion that the defendants have not performed their statutory duty to contract with an insurance carrier is contradicted by its own factual allegations that the annuitants have, at all relevant times, been covered by the city's own plan.

Clearly, the city has acted

as a carrier to the annuitants. In addition to being factually deficient, this count is defective in that plaintiff has no standing to compel the funds to perform under the statute.

The city's argument that it is a proper plaintiff because it is asserting a, quote, "public right," must fail for two reasons.

First, the city as an entity is not a member of the public and, therefore, does not have an interest in this matter sufficient to afford it standing; and secondly, the right it attempts to assert does not, in fact, belong to the public but to the annuitants of the four funds.

Mandamus is a summary writ issued from a court of competent jurisdiction. It commands the officer to whom it is addressed to perform some specific duty which the petitioner is entitled by right to have performed and which the party owing the duty failed or refused to perform, and I cite People, ex. rel. Williams vs. Daley, 14 Il. Ap. 3d 627.

However, mandamus will not lie to

compel that same officer to undo an act he has already performed and perform it in another manner, and I cite Hiawatha Community School District vs. Skinner, 32 Il. Ap. 2d 187.

This is precisely what plaintiff seeks to do here, and it is not appropriate. Further, the petition must show the petitioner's interest in the action.

If the object of the petition is the enforcement of a public right, the petitioner need only show that he is a member of the public and that the public is entitled to the enforcement of that right, citing Retail Liquor Dealers Protective Association of Illinois vs. Schreiber, 328 Il. 454.

The city claims fails both these tests. It is essential that a petition for mandamus show a demand for performance of the act and a refusal of the demand or that the demand is unavailing.

If this element is not included, and no valid excuse exists, it may be fatal to the petition, and I cite Pople, ex. rel. Endicott vs. Huddleston, 34 Il. Ap. 3d 799.

For all these reasons, this court finds it must dismiss plaintiff's Count 1. Thus, the court does not find it necessary to consider defendants' arguments as to laches, the Statute of Limitations, or estoppel as to this count.

Count 2 of the city's complaint purports to state a claim for restitution. Defendants in their motions to dismiss Count 2 attack it as being both deficient and defective for several reasons.

First, they claim the city has failed to allege sufficient facts to state a cause of action against the defendant.

First, it is important to note that the equitable remedy of restitution has its basis a theory of contract -- it has as its basis a theory of contract.

Although plaintiff never pleads any facts alleging that a contractual relationship existed between the city and defendants, it comes now seeking a remedy grounded in contract law.

Instead, the city merely alleges that it has spent money for the funds and for the benefit of these annuitants and dependents from 1980 through June of 1987 without an appropriation by the corporate authority, as required by statute.

The city claims it has spent approximately 58.8 million dollars on behalf of the pension funds for their annuitants over and above the premiums paid by the funds.

Considering a Section 2-615 motion to dismiss, a court must accept as true all facts well pleaded as well as reasonable inferences which can be drawn from these facts, and I cite Sharp vs. Stein, 90 Il. Ap. 3d 435.

Having done so, this court must agree with the defendants that the city simply has not pleaded its facts sufficient to state a claim for restitution.

Central to such a claim is an allegation of unjust enrichment. Even this basic element has not been pled.

Having found the city's Count 2 deficient, this court will, nonetheless, also consider its defects alleged by the defendants.

The funds argue that they are not proper defendants here because legally the funds have no right or authority to use the assets -- and I emphasize the assets -- of the funds to pay for health care benefits.

They urge that the statute only requires the funds to make certain defined payments for premiums, certain deductions from individual annuitants.

Further, the funds assert that it would be inequitable to pay the damages alleged by the city from the funds' assets, because many of the annuitants do not participate in the city's health benefit program.

This court finds that the defendants are not the proper parties for the plaintiff to seek restitution from.

The city urges that defendants' affirmative defenses of laches, the Statute of Limitations, and estoppel cannot lie against it as a public body.

However, the law provides exceptions to this general rule when a public body acts in a proprietary, as distinguished from its governmental, capacity, citing Hickey vs. Illinois Central Railroad, 35 Il. 2d 427.

This court has determined that the operation of a self-insurance program more properly fits in the mold of a proprietary act.

Further, the city's argument that the illegality of the ultra vires nature acts makes it immune to the equitable defenses raised by the defendants is not persuasive.

Accordingly, this court finds that the defendants have properly raised these equitable defenses and that they effectively bar and defeat the claim based on the city's Count 2, and for those reasons this court shall also dismiss Count 2 of the city's complaint.

Now, I will address the city's motion to dismiss the four separate counterclaims.

The defendant funds each brought

a counterclaim seeking to enjoin the city from terminating the annuitants' medical coverage and to stop paying most of the cost of that coverage.

The counterclaims allege in separate counts that; first, the city has breached a term and condition of employment; second, the city's intent to terminate coverage is a breach of an implied agreement; third, breach of contract based on the city's annuitant medical benefits plan; and fourth, equitable estoppel.

Alternatively, the complaints seek to enjoin the city from terminating coverage until the funds are able to contract for a similar medical benefits coverage with a private insurance carrier.

The city brings its motion to dismiss the four counterclaims for failing to state a cause of action on which injunctive relief may properly be granted.

Particularly, the city alleges that the claims do not plead sufficiently that irrepairable harm will result from a failure to grant injunctive relief or that no adequate remedy exists at law.

As to each count, the city alleges defendants have failed to plead the elements of either an implied contract or an express contract existing between the parties.

The city further argues that even if such elements were sufficiently pled, no cause of action can lie because such contracts, if any, were not lawfully made by the city.

The city urges that its expenditure of the monies, absent required statutory prior appropriations, renders any contract, implied or otherwise, null and void.

The city further argues that the Boards have no standing on behalf of annuitants to assert these claims.

The city attacks the counterclaims' counts which seek equitable estoppel, urging that there could have been no justified reliance on expenditures made without prior appropriation.

Finally, the city argues that

the ultra vires nature of its acts preclude the applicability of equitable estoppel.

The court will address first the issue of standing. The city urges that the claims, if any, belong to the annuitants and not the Board.

Defendants argue that both the Boards of the funds and their annuitants have an interest here.

They argue that because the statutes grant them authority to enter into contracts with one or more carriers to provide health care insurance to the annuitants, and it is their opinion that they have done so with the city as a carrier, thus the Boards are the real parties in interest here as to any issue regarding whether the city is obligated to continue to provide that insurance.

This court finds the defendants have standing to bring these claims against the city.

The Illinois Revised Statutes, Chapter 17, Paragraph 16.65, gives trustees a specific statutory power to sue in a representative capacity on behalf of a trust.

Defendants here have by statute been placed in a trustee relationship to their respective annuitants.

Secondly, the city urges that the defendants have not sufficiently pled a cause of action for injunctive relief.

ruling not the courts'

This court must disagree. Defendants have pled facts on four separate theories which, if proved, would establish that a protectable right or interest exists.

Additionally, facts set forth establish that irrepairable harm would result if the city is allowed to terminate coverage.

The annuitants would be at risk for any health care costs which might occur while they are uninsured.

Further, the task of obtaining new coverage, especially for these retirement age annuitants, would be made even more difficult if the city were simply allowed to drop them.

Accordingly, the impending threat that the city will terminate coverage renders any remedy at law inadequate here.

not the courts

The standards for preliminary injunction are set forth in Eleven Homes, Inc. vs. Old Farm Homes Associates, 111 Il. Ap. 3d 30.

They are; one, that he possess a clearly ascertained right which needs protection; two, that he will suffer irrepairable harm without the injunction; and three, that there is no adequate remedy at law for his inquiry -- injury, and that; fourth, that he is likely to succeed on the merits.

not the courts

not the courts

Defendants have satisfied these requirements. The city next attacks Counts 1, 2, and 3 of each countercomplaint, claiming they fail to state a cause of action against the city.

When considering a Section 2-615 motion to dismiss, the trial court must accept as true all facts well pleaded as well as reasonable inferences which can be drawn from those facts, and once again I cite Sharp vs.

Stein, 90. Il. Ap. 3d 435.

Having done so, this court finds that the counterclaims have sufficiently pled causes of action sounding in breach of a term and condition of employment, breach of an implied contract, and breach of contract.

The city argues that even if this court finds that defendants have stated a claim for breach of a contractual relationship, it must then find that contract void for illegality or unenforceable because it was an ultra vires act by the city.

As to the alleged ultra vires nature of the city's action, this court disagrees.

The state statute specifically allows municipalities to provide various types of group insurance for their employees, and I cite Illinois Revised Statutes, Chapter 24, Section 10-4-2 of the Illinois Municipal Code.

Additionally, as a home rule unit, the city is entitled to, quote, "exercise any power and perform any function pertaining to its government and affairs," close quote.

That's the Illinois Constitution, Article 7, Section 6-A. Therefore, it is well within the ambit of the city's authority to provide health care benefits to retired employees.

The city has not adequately demonstrated to this court that illegality should defeat defendants' claims for injunctive relief.

It is merely stated in a conclusory manner that the city's provision of health care benefits to the funds' annuitants was illegal because the monies were spent without a prior appropriation.

Even this is not clear where defendants have alleged that funds were specifically appropriated for the annuitants' benefits in at least one year and generally in the others.

It is illogical to believe that the claims paid on behalf of approximately 26,000 persons to the tune of an alleged 58.8 million dollars could be expended over a period of seven years but for the appropriation of the

Not the courts'

funds in some fashion.

The sums involved are far too substantial to have slipped through the cracks. This court has not been advised by the city of the manner in which these monies could have been spent absent an appropriation.

[What] That the city chose to designate from year to year in the line item appropriation from which the funds were paid is not important.

What is relevant is that over this period of years the city must have repeatedly contemplated and made provisions for the availability of these monies with which it paid the annuitants' claims and provided insurance to them.

Finally, this court finds that the defendants have adequately stated a claim for equitable estoppel and that the city's argument that claims of estoppel cannot lie against it as a governmental entity will not defeat defendants' claims.

Not the courts

Generally, the doctrine of equitable estoppel refers to reliance by one party on the words or conduct of another, resulting in the relying party's change of position and subsequent harm therefrom, and I cite Gary Wheaton Bank vs. Meyer, 130 Il. Ap. 3d 87.

Equitable estoppel arises when one by his conduct intentionally or through culpable negligence induces another to believe and have confidence in certain material facts.

The other party, having the right to do so, then relies on the acts and is misled, citing the Gary Wheaton case at Page 96.

Although the intent to mislead is not required, the reliance must be reasonable. Not the Case

That's still at Page 96.

Although governmental bodies enjoy a qualified immunity, some situations may arise which justify invoking the doctrine of estoppel, even against the state acting in its governmental capacity, and I cite Hickey vs. Illinois Central Railroad, 35 Il. 2nd 927.

The party asserting estoppel

has the burden of proving it by clear, precise, and unequivocal evidence, and I cite Carey vs. The City of Chicago, 134 Il. Ap. 3d 217.

At this juncture the court does not need to find that the defendants have made their case, merely that they have sufficiently stated a cause of action.

It is this court's opinion that the defendants have adequately stated a claim for equitable estoppel.

Accordingly, this court will deny the city's motion to dismiss the four separate counterclaims brought by the defendants.

And now I ask the $64 question. With the time parameters that we are confronted with, how much time does the city desire to answer?

Because we have until May 31st.

MS. BECKETT: I'd like seven days to answer. We'd also like leave to amend our complaint for mandamus and restitution, if the court believes that's possible.

THE COURT: Facts are facts, Miss

Beckett, I must respectfully assert, and I don't think there's any possibility of your changing the facts.

I'm going to deny the filing of an amended complaint by the city at this juncture.

You've got seven days to answer. And having stricken Counts 1 and 2 of the city's complaint, there is no need to set any hearing on the motion for summary judgment.

Now, with seven days within which to answer, that gives me 'til the 23rd. I believe a request was made by you, Miss Beckett, in the event that this case should come down the way the court has set, that a pretrial should be held, am I correct? not the Court's

MS. BECKETT: That was my request. I wish to renew that request at this time. I think this is a case particularly appropriate for a pretrial in chambers.

THE COURT: I most certainly will afford you that opportunity, knowing the gravity of the situation.

Your answers are due by the 23rd.

I will pre-empt --

MR. MAROVITZ: Could we respectfully do it on a Monday or Friday, if that's possible, Your Honor?

THE COURT: That only leaves her until the 25th.

MR. HEISS: The pretrial doesn't matter. She can answer and pretry at the same time.

MR. MAROVITZ: The afternoon of the 26th I will fly in.

THE COURT: That's too close to the 31st.

MR. FORDE: I would say the 23rd.

THE COURT: Could you file your answer in the morning? And I will pre-empt the Prestige trial and give you the afternoon, because I figure this is going to be a long, long pretrial.

MR. MAROVITZ: On the 23rd, Your Honor?

THE COURT: Yes, I'll set you for 2:30.

MR. HEISS: Okay. Thank you, Your Honor.

THE COURT: Prepare the appropriate order about the cross-motions being denied pursuant to the reasons set forth in the opinion and in the transcript of record.

MR. FORDE: Should we have the executive directors of the funds available that day?

THE COURT: If we are sincerely going to have a pretrial --

MR. FORDE: We will have them available.

THE COURT: -- we should have some people in authority that can speak. And keep in mind that Miss Beckett still has to go back to a legislative body.

MR. FORDE: I understand.

MR. MAROVITZ: Your Honor, would the morning of the 25th be better for Your Honor?

THE COURT: Counsel, my mornings are set with contested motions that have been set. What time does the last plane leave, 6:00 o'clock?

MR. MAROVITZ: It doesn't matter.

THE COURT: Mr. Forde, will you and Miss Beckett get together and draw the order?

MR. FORDE: Thank you.

(Whereupon the further hearing of said cause was adjourned to May 23, 1988, at the hour of 2:30 o'clock P. M.)

STATE OF ILLINOIS)
) ss.
COUNTY OF COOK   )

Judy Landauer, CSR, being first duly sworn, on oath says that she is a court reporter doing business in the City of Chicago; and she reported in shorthand the proceedings at the hearing in said cause, and that the foregoing is a true and correct transcript of her shorthand notes so taken as aforesaid, and contains all the proceedings at said hearing.

Judy Landauer C.S.R

SUBSCRIBED AND SWORN TO
before me this 17th day
of May, A. D. 1988.

Susan Dambea

Notary Public.

STATE OF ILLINOIS)
) SS:
COUNTY OF C O O K)

The undersigned, one of the Judges of the Circuit Court of Cook County, Illinois, and presiding Judge at the hearing of the above-entitled cause, does hereby certify that the foregoing Report of Proceedings is a correct, full and true report of all proceedings had during the hearing of said cause, including all of the testimony, the objections and motions of the respective attorneys at the hearing, and the rulings of the Court at the hearing. The yellow highlighting these parts of the transcript were not made by the Court.

[illegible signature]
Judge of the Circuit Court
of Cook County, Illinois

DATED: 5-21-90

I do hereby approve the
foregoing Report of Proceedings

____
Attorney for the Intervenor.

EXHIBIT 4

Attorney No. 23414

IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
COUNTY DEPARTMENT, CHANCERY DIVISION

THE CITY OF CHICAGO, a municipal corporation,

Plaintiffs,

vs. No. 87 CH 10134

MARSHALL KORSHAK, et al.,

Defendant.

AGREED ORDER

This cause is before the Court on the separate motions of the defendant-counterplaintiffs, the board members of the Policemen's Annuity and Benefit Fund for Cities over 500,000, the Firemen's Annuity & Benefit Fund for Cities over 500,000, the Municipal Employees' Annuity & Benefit Fund for Cities over 500,000 and the Laborers' & Retirement Board Employees' Annuity & Benefit Fund for cities over 500,000, seeking an Order of preliminary injunction enjoining the counterdefendant City of Chicago from terminating coverage of the four Funds' annuitants and their dependents under the City of Chicago Annuitant Medical Benefits Plan, the City having voluntarily agreed, without prejudice in any way to the positions it has asserted in its Complaint in this cause or to the positions which it may assert in response to the Counterclaims in this action, and without admitting any liability for the claims asserted in the Counterclaims, and solely to prevent any hardship being suffered by any annuitant or dependents of the annuitants, to the relief set forth herein,

IT IS HEREBY ORDERED that the City of Chicago, having agreed to maintain the status quo on a temporary basis, is hereby restrained and enjoined to and including ~~March 31,~~ 1988, from terminating the existing coverage of any of the Funds' annuitants under the City of Chicago Annuitant Medical Benefits Plan or from terminating or altering its current practice of paying all costs of that coverage in excess of the rates which were established in April of 1982.

IT ~~IS FU~~RTHER ORDERED ~~that all pending motions and other filing deadlines are continued pending further Order of this Court.~~ This matter is set for a report on status on ~~March 11, 1988 at 11:15 A.M.~~

ENTER: ______________________
Judge

ENTERED JAN 29 1988 GREEN 129

KEVIN M. FORDE
KATRINA VEERHUSEN
KEVIN M. FORDE, LTD.
111 West Washington Street
Chicago, IL 60602
(312) 641-1441

~~DAVID R. KUGLER, ESQ.~~
~~KUGLER, DELEO & D'ARCO~~
~~One North LaSalle Street~~
~~Chicago, IL 60602~~

EXHIBIT 5

Docket No. 89-3451

IN THE APPELLATE COURT OF ILLINOIS
FIRST DISTRICT

CITY OF CHICAGO, a Municipal Corporation,

Plaintiff-Counterdefendant-Appellee,

v.

MARSHALL KORSHAK, et al.,

Defendants-Counterplaintiffs-Appellees,

MARTIN RYAN, BERNARD MCKAY, JOSEPH COGLIANESE, LOUIS EISEN, BERNARD HOGAN, PATRICIA DARCY, SYLVIA WALSH and KATHERINE DOYLE, Class Representatives of the Participants in the City's Annuitant Healthcare Program,

Intervenors-Appellants-Movants.

No. 87 CH 10134
Appeal from the Circuit Court of Cook County, Illinois
The Honorable Albert Green, Judge Presiding

ORDER

This cause coming before the Court on motion of Intervenors-Appellants to stay the enforcement, force and effect of the trial Court's orders of December 12 and 15, 1989 and enjoin the City of Chicago from changing the terms of its annuitants healthcare program while this appeal pends, proper notice having been given and the Court being fully advised in the premises;

IT IS ORDERED the motion is granted[redacted]. The enforcement, force and effect of the trial Court's orders of December 12 and 15, 1989, are hereby stayed. The City of Chicago is hereby enjoined from changing the terms of its annuitant healthcare program while this appeal pends.

ORDER ENTERED

FEB 1 4 90

Dated: ______________________

ENTER:

David Cerda
Justice

Dom Rizzi
Justice

____
Justice

EXHIBIT 6 A

CITY OF CHICAGO
MONTHLY RATES FOR RETIREE HEALTHCARE PLANS
EFFECTIVE DATE - JANUARY 1, 2014

THE FOLLOWING RATES ARE APPLICABLE FOR EMPLOYEES WHO BECAME RETIREES AFTER JULY 1, 2005

		FOR RETIREES WITH YEARS OF SERVICE OF:			
CATEGORY	PLAN	20 YEARS	15-19 YEARS	10-14 YEARS	LESS THAN 10 YEARS
RETIREE					
	MEDICARE	$123.00	$134.00	$145.00	$233.00
	NON-MEDICARE	$530.00	$561.00	$592.00	$840.00
RETIREE AND SPOUSE					
	MEDICARE/MEDICARE	$303.00	$324.00	$346.00	$517.00
	MEDICARE / NON-MEDICARE	$740.00	$781.00	$823.00	$1,154.00
	NON-MEDICARE / MEDICARE	$710.00	$751.00	$793.00	$1,124.00
	NON-MEDICARE / NON-MEDICARE	$1,133.00	$1,193.00	$1,254.00	$1,739.00
RETIREE AND CHILD(REN)					
	MEDICARE / CHILD(REN)	$321.00	$341.00	$360.00	$517.00
	NON-MEDICARE / CHILD(REN)	$714.00	$753.00	$791.00	$1,101.00
RETIREE, SPOUSE AND CHILD(REN)					
	MED/MED/CHILD(REN)	$501.00	$531.00	$561.00	$801.00
	MED/NON/CHILD(REN)	$923.00	$973.00	$1,022.00	$1,416.00
	NON/MED/CHILD(REN)	$893.00	$943.00	$992.00	$1,386.00
	NON/NON/CHILD(REN)	$1,316.00	$1,385.00	$1,453.00	$2,000.00
CHILD(REN)					
	CHILD(REN)	$112.00	$121.00	$130.00	$203.00

BMO 09/05/13
BA/070205

#1

CITY OF CHICAGO
MONTHLY RATES FOR RETIREE HEALTHCARE PLANS
EFFECTIVE DATE - JANUARY 1, 2014

THE FOLLOWING RATES ARE APPLICABLE FOR EMPLOYEES WHO BECAME RETIREES ON OR AFTER AUGUST 23, 1989 AND BY JULY 1, 2005

CATEGORY	PLAN	MONTHLY CONTRIBUTION RATES
RETIREE		
	MEDICARE	$112
	NON-MEDICARE	$499
RETIREE AND SPOUSE		
	MEDICARE/MEDICARE	$281
	MEDICARE/NON-MEDICARE	$698
	NON-MEDICARE/MEDICARE	$668
	NON-MEDICARE/NON-MEDICARE	$1,072
RETIREE AND CHILD(REN)		
	MEDICARE/CHILD(REN)	$302
	NON-MEDICARE/CHILD(REN)	$675
RETIREE, SPOUSE AND CHILD(REN)		
	MED/MED/CHILD(REN)	$470
	MED/NON/CHILD(REN)	$874
	NON/MED/CHILD(REN)	$844
	NON/NON/CHILD(REN)	$1,248
CHILD(REN)		
	CHILD(REN)	$103

BMO 09/05/13
OA/082389

#2

CITY OF CHICAGO
MONTHLY RATES FOR RETIREE HEALTHCARE PLANS
EFFECTIVE DATE - JANUARY 1, 2014

THE FOLLOWING RATES ARE APPLICABLE FOR EMPLOYEES WHO BECAME RETIREES BEFORE AUGUST 23, 1989

CATEGORY	PLAN	MONTHLY CONTRIBUTION RATES
RETIREE		
	MEDICARE	$69
	NON-MEDICARE	$69
RETIREE AND SPOUSE		
	MEDICARE/MEDICARE	$197
	MEDICARE/NON-MEDICARE	$197
	NON-MEDICARE/MEDICARE	$197
	NON-MEDICARE/NON-MEDICARE	$197
RETIREE AND CHILD(REN)		
	MEDICARE/CHILD(REN)	$197
	NON-MEDICARE/CHILD(REN)	$197
RETIREE, SPOUSE AND CHILD(REN)		
	MED/MED/CHILD(REN)	$325
	MED/NON/CHILD(REN)	$325
	NON/MED/CHILD(REN)	$325
	NON/NON/CHILD(REN)	$325

BMO 09/05/13
BA/082389

#3

Group A
1 Medicare/1 Non
Post 7/1/05
Retirees

DEPARTMENT OF FINANCE
CITY OF CHICAGO

October, 2013

Dear City of Chicago Plan Participant:

- **Who is not Medicare eligible but whose spouse or other covered dependent is Medicare eligible, or**
- **Who is Medicare eligible but whose spouse or other covered dependent is not Medicare eligible**

This letter and the enclosed documents contain important information about your health care benefits and the premium rates that will be effective on January 1, 2014, including the following:

1) A new premium rate chart.
2) Two 2014 Benefits Summaries, one for the Medicare eligible covered participants and one for the non-Medicare eligible covered participants.
3) The Notice of Creditable Coverage for prescription drug coverage.
4) Information on the Means Test--a way for certain low income plan members to save money for premiums and/or for prescription drug co-payments.
5) An important reminder about Medicare enrollment.

Rate Changes: Your premium rates for 2014 are enclosed. These rates are a based on the projected cost of the Plan minus the City of Chicago's contribution and the anticipated Pension Fund subsidy.

Plan Changes: The name of the new plan for non Medicare eligible plan participants is the *City of Chicago Non-Medicare Eligible Retiree Healthcare Plan* and for Medicare eligible plan participants it is the *City of Chicago Medicare Supplement Retiree Healthcare Plan.* Benefits Summaries for 2014 are enclosed. Just as occurred in past years, your co-pays for mail order drugs will increase by 5% for both Medicare and Non-Medicare eligible participants and for non-Medicare plan participants the deductibles and out of pocket limits will increase by 3%. Remember, the Plan also now requires that you use the mail order pharmacy for maintenance prescriptions

Creditable Coverage Notice: This notice verifies that you have creditable drug coverage under the Plan. This means that the coverage provided under the Plan is at least as good as the coverage under a Medicare Part D plan. This is for Medicare eligible Plan participants or those who will become Medicare eligible in 2013 or 2014. Please keep this notice in your permanent records.

Means Test: Certain low income Plan participants may be eligible to have their co-pays for mail order drugs

(See Reverse Side)

and/or their premiums reduced. To be eligible for these benefits, your combined household adjusted gross income, as reported to the Internal Revenue Service in the immediately preceding tax year, must be at or below 250% of the federal poverty guidelines for your family size for that year. This does not apply to all individuals; for example, former City employees who retired and/or began receiving an annuity on or after July 1, 2005 based on less than 10 years of City service, are not eligible for the Means Test. As part of the application process you must provide a release that allows the City to receive a copy of your most recently filed tax return.

If your annual annuity amount is less than 250% of the federal poverty level for 2013, a Means Test application will be sent to you under separate cover. (250% of the federal poverty level for a single person for 2013 is $28,725; for a couple it is $38,775.) If your annuity is more than that but you believe that your adjusted gross income may qualify you for the benefit based on your family size, you may call the benefits service center at 1-877-299-5111, or you may find the application at cityofchicago.org/benefits/supporting documentation.

Important Reminder About Medicare Enrollment: If you are approaching Medicare age (age 65 for most people), you need to apply for Medicare and provide the benefits management office and your pension fund with a copy of the Medicare card. If you are not eligible for free Part A based on your work record or your spouse's or former spouse's work record, you must provide the benefits management office with the letter from Social Security advising you of this. Failure to provide us the proper documentation does not mean that you will remain in the plan for non-Medicare eligible retirees. You will be placed in the Medicare supplement plan and you will face financial consequences for not taking the necessary steps to secure Medicare enrollment. This also applies to your spouse, if your spouse is approaching Medicare age.

Please call the benefits service center at 1-877-299-5111 if you have any questions about this letter.

Sincerely,
Nancy Currier
Benefits Manager

CITY OF CHICAGO
MONTHLY RATES FOR RETIREE HEALTHCARE PLANS
EFFECTIVE DATE - JANUARY 1, 2014

THE FOLLOWING RATES ARE APPLICABLE FOR EMPLOYEES WHO BECAME RETIREES AFTER JULY 1, 2005

		FOR RETIREES WITH YEARS OF SERVICE OF:			
CATEGORY	PLAN	20 YEARS	15-19 YEARS	10-14 YEARS	LESS THAN 10 YEARS
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RETIREE AND SPOUSE					
	MEDICARE/MEDICARE	$303.00	$324.00	$346.00	$517.00
	MEDICARE / NON-MEDICARE	$740.00	$781.00	$823.00	$1,154.00
	NON-MEDICARE / MEDICARE	$710.00	$751.00	$793.00	$1,124.00
	NON-MEDICARE / NON-MEDICARE	$1,133.00	$1,193.00	$1,254.00	$1,739.00
RETIREE AND CHILD(REN)					
	MEDICARE / CHILD(REN)	$321.00	$341.00	$360.00	$517.00
	NON-MEDICARE / CHILD(REN)	$714.00	$753.00	$791.00	$1,101.00
RETIREE, SPOUSE AND CHILD(REN)					
	MED/MED/CHILD(REN)	$501.00	$531.00	$561.00	$801.00
	MED/NON/CHILD(REN)	$923.00	$973.00	$1,022.00	$1,416.00
	NON/MED/CHILD(REN)	$893.00	$943.00	$992.00	$1,386.00
	NON/NON/CHILD(REN)	$1,316.00	$1,385.00	$1,453.00	$2,000.00
CHILD(REN)					
	CHILD(REN)	$112.00	$121.00	$130.00	$203.00

BMO 09/05/13
BA/070205

#1

PLAN AHEAD FOR IMPORTANT 2014

RETIREMENT HEALTHCARE BENEFITS

In May 2013 you received a letter informing you that, in light of the evolving landscape of national healthcare and challenges faced by Chicago taxpayers, changes to the City of Chicago's retiree healthcare benefits would be implemented starting in 2014. The relevant information provided in that letter is summarized here so that you have it as you review the details of your healthcare coverage for the 2014 plan year, which are summarized in the documents provided in this mailing.

As a reminder, the City of Chicago extended retiree coverage and benefits through December 2013 in an effort to maintain current coverage for a full plan year and allow you time to plan and prepare for 2014.

Importantly, for City retirees who retired prior to August 23, 1989, in 2014 and beyond, the City will substantially subsidize your health benefits. In short, the City will provide a healthcare plan with a contribution from the City of up to 55% of the cost of that plan for your lifetime.

For City retirees who retired on or after August 23, 1989, in 2014 the City will provide a subsidy towards the cost of your health benefits if you have at least 10 years of City service, but there will be some changes to that subsidy. It is important to note that the 2014 healthcare plan will include*:

- ✓ **Blue Cross Blue Shield PPO network and prescription coverage.**
- ✓ **No increase in the co-pays, deductibles or out-of-pocket cost other than the same small percentage increases that occurred annually in the prior plan.**
- ✓ **90% coverage for PPO hospital expenses and doctor visits, after deductible.**
- ✓ **Generous Medicare supplemental coverage for Medicare recipients, including prescription drugs.**
- ✓ **The additional City premium subsidy available to low-income retirees is improved to include retirees at or below 250% of the federal poverty level; the subsidy in the prior plan was capped at 200%.**

With the changes taking place in the national healthcare market, we will assist retirees in obtaining the information needed to navigate the options available for their healthcare needs going forward, both for Medicare and non-Medicare eligible retirees. Other options for coverage for 2014 and beyond:

- Retirees not eligible for Medicare will have a broad range of healthcare plan options available to them as the Illinois health insurance exchange goes into effect in 2014.
- Retirees who are eligible for Medicare will receive Medicare coverage, and supplemental Medicare plans are available from many insurance companies – as there are today.

Please note – **A recently enacted state law provides for a pension fund subsidy of $95 per month for non-Medicare eligible retirees and $65 per month for retirees eligible for Medicare through 2016, saving you thousands of dollars in healthcare costs in the coming years.**

*The Plan Document defines and controls the terms of the benefits provided.

The City will continue to provide you relevant updates on these matters going forward.

For information about plan changes, call 1-877-299-5111
or visit **www.cityofchicago.org**

To learn more about the Illinois health insurance exchange plans, call 1-866-311-1119
or visit **www.GetCoveredIllinois.gov**

To download the Retiree Healthcare Benefits Commission ("RHBC") report, visit
www.cityofchicago.org/city/en/depts/fin/provdrs/ben.html

CITY OF CHICAGO

BENEFITS SUMMARY†
Effective January 1, 2014

†The plan document defines and controls the terms of the benefits provided.

Non-Medicare Eligible Retiree Healthcare Plan

The Non-Medicare Eligible Retiree Healthcare Plan pays the percentages listed below after you meet the annual deductibles. The maximum amount that the Plan will pay is based on the Plan's PPO maximum allowance.* Services must be medically necessary.

Medical Benefits	PPO Providers Out-of-Area Retirees	Non-PPO Providers
Lifetime Maximum	$1.5 million per covered person for medical and prescription drugs [1]	
Deductible		
Individual	$403	$941
Family	$1,209	$2,823
Out-of-Pocket Expense Limit		
Individual	$2,353	$4,703
Family	$4,706	$9,406
	PPO and non-PPO cannot be combined	
Coinsurance	**Plan Pays:**	**Plan Pays:**
Emergency Room Services	90%	
MRI Scans, PET Scans, CAT Scans [2]	80%	
Occupational and Speech Therapy [2]		
Prosthetic Devices and Durable Medical Equipment (DME) [2]		
Ambulance Transportation [2]		
Skilled Nursing Facility [2]		
Skilled Home Health Care [2]		
Hospice Care [2]		
Outpatient Mental Health and Substance Abuse Treatment [2]		
Diagnostic Testing Incentive Program**		
Diagnostic Lab Tests performed by an independent PPO lab (i.e. Quest) paid in full by Plan if all requirements are met.		
Other Covered Services, for example: • Hospital Inpatient [2] • Hospital Outpatient • Doctor (Office) Visits • Chiropractic Visits Note: Routine Screening Exams/Physicals are not covered	90%	70%

[1] The lifetime maximum includes expenses paid under both the Non-Medicare and Medicare plans combined.

[2] These services require pre-certification through Telligen, call 1-800-373-3727, pursuant to Plan guidelines.

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Prescription Drug Benefits	Coverage
Caremark Retail Pharmacy – up to a 30 day supply or 100 unit dose (whichever is less)	After you've met the separate $100 annual prescription drug deductible (does not apply to Means Test Eligible Retirees),*** for each prescription, you pay: • 20% of the contracted cost for generic drugs • 20% of the contracted cost for formulary brand name drugs***** when no generic is available • 20% of the contracted cost plus $15 for non-formulary brand name drugs**** when no generic is available
Mail Order Program - Up to a 90 day supply	For each prescription, you pay: • $25 for 2014 ($7 for Means Test Eligible Retirees) for generic drugs • $65 for 2014 ($20 for Means Test Eligible Retirees) for formulary brand name drugs when no generic is available **Note: non-formulary brand name medications are not available through the mail order program.**
Restrictions: Why choose a generic?	If a brand name drug is dispensed when a generic alternative is available, you pay the difference in cost between the generic and the brand name as well as the generic copayment. The Plan will not pay more than it would pay for the generic medication, if you buy a brand name drug when a generic alternative is available.
Generic Step Therapy Program for generics available in the therapeutic class	If you elect to purchase a brand medication without trying an appropriate generic medication in the same therapeutic class, you will pay the full cost of the medication. **If you try the generic medication and your physician finds that the generic medication is not effective in treating your condition, you will be able to receive the brand medication at the copayment applicable to non-formulary or formulary.**
Specialty Medications	If you do not try the preferred medication for the therapeutic class, you will pay the full cost of the medication. If you try the preferred specialty medication and it is not effective in treating your condition, you will be able to receive a non-preferred formulary drug.
Mandatory Mail Order	Requiring the use of mail order will reduce costs for the City and Retirees. After 2 fills of your generic or formulary brand medication at a retail pharmacy, you will be required to use mail order for any additional fills through CVS-Caremark in Mount Prospect, IL. If you do not use the mail order program for your 3rd or any subsequent fills, you will pay the full cost of the prescription. If your medication is non-formulary, however, you must continue to use the retail pharmacy.
Out-of-network pharmacy reimbursement	If you do not go to a network retail pharmacy, you pay the full amount when you pick up your prescription. You must then submit a receipt for reimbursement. The Plan will pay 60% of the Plan's cost, after you've met the deductible (if applicable). There is no formulary list if you go to an out-of-network pharmacy.

* **PPO MAXIMUM ALLOWANCE** – THE AMOUNT THAT PROVIDERS WHO HAVE CONTRACTED WITH THE CLAIMS ADMINISTRATOR HAVE AGREED TO ACCEPT AS REIMBURSEMENT. THE MAXIMUM AMOUNT THAT WILL BE CONSIDERED BY THE PLAN AS COVERED FOR SERVICES IS THE LOWEST OF THE PROVIDERS ACTUAL CHARGE, THE PPO CONTRACTED RATE OR THE USUAL AND CUSTOMARY CHARGE.

** **DIAGNOSTIC TESTING INCENTIVE PROGRAM**– MEMBERS MUST USE A FREE-STANDING IN-NETWORK LAB, SUCH AS QUEST FOR DIAGNOSTIC TESTS ORDERED BY THEIR PHYSICIAN TO HAVE THE EXPENSE PAID IN FULL BY THE PLAN. IF A MEMBER USES A HOSPITAL BASED LABORATORY OR THEIR CLAIMS FOR LAB SERVICES ARE BILLED BY A HOSPITAL, THE EXPENSES ARE SUBJECT TO DEDUCTIBLE AND CO-INSURANCE.

*** **MEANS TEST ELIGIBLE RETIREE** – GENERALLY, THE COMBINED HOUSEHOLD ADJUSTED GROSS INCOME, AS REPORTED TO THE INTERNAL REVENUE SERVICE IN THE IMMEDIATELY PRECEDING TAX YEAR, MUST BE AT OR BELOW 200% OF FEDERAL POVERTY GUIDELINES FOR YOUR FAMILY SIZE THAT YEAR. THIS DOES NOT APPLY TO ALL INDIVIDUALS; FOR EXAMPLE, FORMER CITY OF CHICAGO EMPLOYEES WHO RETIRE AND/OR BEGIN RECEIVING AN ANNUITY ON OR AFTER JULY 1, 2005, BASED ON LESS THAN 10 YEARS OF SERVICE CREDITS, ARE NOT ELIGIBLE FOR THE MEANS TEST.

**** **NON-FORMULARY BRAND NAME DRUG** – A NON-FORMULARY BRAND NAME DRUG IS A BRAND NAME DRUG THAT IS NOT ON THE PREFERRED LIST OF FORMULARY DRUGS.

***** **FORMULARY BRAND NAME DRUGS** – A FORMULARY DRUG IS A BRAND NAME DRUG THAT HAS BEEN DESIGNATED AS A PREFERRED DRUG BY CVS CAREMARK. THE PREFERRED DRUG (FORMULARY) LIST MAY CHANGE PERIODICALLY AT THE DISCRETION OF THE PHARMACY BENEFITS MANAGER.

BENEFITS SUMMARY†
Effective January 1, 2014

†The plan document defines and controls the terms of the benefits provided.

Medicare Supplement Retiree Healthcare Plan

The Medicare Supplement Retiree Healthcare Plan pays the percentages listed below after you Medicare and any annual deductibles. The maximum amount that the Plan will pay is based on the Medicare allowable charge.* Services must be medically necessary.

Medical Benefits	Coverage
Lifetime Maximum	$1.5 million per person for medical and prescription drug benefits [1]
Plan Deductible [2]	$100 per person each calendar year (separate from Medicare Part B deductible)
Hospitalization	
Days 1 – 60	You pay $50 of the Medicare Part A Inpatient Deductible for the first hospital stay in each calendar year. Plan pays all but $50 of Medicare Part A Inpatient Deductible for the first hospital stay each calendar year.
Days 61 – 90	You pay 0. Plan pays 100% of the Medicare daily copayment, which is 25% of the Medicare Part A Inpatient Deductible.
Days 91 – 150	You pay 0. Plan pays 100% of the Medicare daily copayment, which is 50% of the Medicare Part A Inpatient Deductible.
Additional Days	Additional days may be covered under Medicare Part A and/or the Plan.
Skilled Nursing Facility	
Days 1 – 20	You pay 0. Medicare pays 100% of first 20 days each Medicare Benefit Period.
Days 21 – 100	You pay 0. Plan pays 100% of the Medicare daily copayment, which is 1/8 of the Medicare Part A Inpatient Deductible.
Additional Days	You pay 100%. No Medicare or Plan benefits are paid after 100 days in a Medicare Benefit Period.
Other Covered Services	Plan pays 20% of Medicare approved amount after Part B deductible and Plan deductible.
Out-of-Country Services	If you are in a foreign country and are hospitalized due to an emergency, the Plan pays 80% of eligible charges for medically necessary services during the first 60 days of your hospitalization. Benefits are subject to a $250 calendar year deductible. The total lifetime maximum that the City's Plan pays is limited to $50,000
Diabetic Supplies	Medicare Part B covers diabetic supplies such as glucose testing monitors, blood glucose test strips, lancets, and glucose control solutions. There may be limits on supplies or how to get them. Ask your pharmacy or supplier if they are enrolled in the Medicare program. If they are not, Medicare will not pay and neither will the City's Plan because the City's Plan is only a supplement to Medicare. If you have paid the yearly Part B deductible as well as the City's $100 annual deductible, the City will pay 20% of the Medicare approved amount.

1 The lifetime maximum includes expenses paid under both the Non-Medicare and Medicare plans combined.

2 Medicare Part A and Medicare Part B: **No expense is covered by the Plan if Medicare does not cover it unless otherwise specified.** If you are only enrolled in Medicare Part A, the Plan will pay benefits as though you are enrolled in both Medicare Part A and Medicare Part B.

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(See Reverse Side)

Prescription Drug Benefits	Coverage
Caremark Retail Pharmacy – up to a 30 day supply or 100 unit dose (whichever is less)	After you've met the separate $100 annual prescription drug deductible (does not apply to Means Test Eligible Retirees),*** for each prescription, you pay: • 20% of the contracted cost for generic drugs • 20% of the contracted cost for formulary brand name drugs*** when no generic is available • 20% of the contracted cost plus $15 for non-formulary brand name drugs**** when no generic is available
Mail Order Program - Up to a 90 day supply	For each prescription, you pay: • $25 for 2014 ($7 for Means Test Eligible Retirees) for generic drugs • $65 for 2014 ($20 for Means Test Eligible Retirees) for formulary brand name drugs when no generic is available **Note: non-formulary brand name medications are not available through the mail order program.**
Restrictions: Why choose a generic?	If a brand name drug is dispensed when a generic alternative is available, you pay the difference in cost between the generic and the brand name as well as the generic copayment. The Plan will not pay more than it would pay for the generic medication, if you buy a brand name drug when a generic alternative is available.
Generic Step Therapy Program for generics available in the therapeutic class	If you elect to purchase a brand medication without trying an appropriate generic medication in the same therapeutic class, you will pay the full cost of the medication. **If you try the generic medication and your physician finds that the generic medication is not effective in treating your condition, you will be able to receive the brand medication at the copayment applicable to non-formulary or formulary.**
Specialty Medications	If you do not try the preferred medication for the therapeutic class, you will pay the full cost of the medication. If you try the preferred specialty medication and it is not effective in treating your condition, you will be able to receive a non-preferred formulary drug.
Mandatory Mail Order	Requiring the use of mail order will reduce costs for the City and Retirees. After 2 fills of your generic or formulary brand medication at a retail pharmacy, you will be required to use mail order for any additional fills through CVS-Caremark in Mount Prospect, IL. If you do not use the mail order program for your 3rd or any subsequent fills, you will pay the full cost of the prescription. If your medication is non-formulary, however, you must continue to use the retail pharmacy.
Out-of-network pharmacy reimbursement	If you do not go to a network retail pharmacy, you pay the full amount when you pick up your prescription. You must then submit a receipt for reimbursement. The Plan will pay 60% of the Plan's cost, after you've met the deductible (if applicable). There is no formulary list if you go to an out-of-network pharmacy.

* **MEDICARE ALLOWABLE CHARGE** – THE AMOUNT THAT MEDICARE DETERMINES A PARTICULAR SERVICE OR SUPPLY SHOULD COST. THE MEDICARE SUPPLEMENT RETIREE HEALTHCARE PLAN BASES PAYMENT ON THE MEDICARE ALLOWABLE CHARGE.

** **MEANS TEST ELIGIBLE RETIREE** – GENERALLY, THE COMBINED HOUSEHOLD ADJUSTED GROSS INCOME, AS REPORTED TO THE INTERNAL REVENUE SERVICE IN THE IMMEDIATELY PRECEDING TAX YEAR, MUST BE AT OR BELOW 200% OF FEDERAL POVERTY GUIDELINES FOR YOUR FAMILY SIZE THAT YEAR. THIS DOES NOT APPLY TO ALL INDIVIDUALS; FOR EXAMPLE, FORMER CITY OF CHICAGO EMPLOYEES WHO RETIRE AND/OR BEGIN RECEIVING AN ANNUITY ON OR AFTER JULY 1, 2005, BASED ON LESS THAN 10 YEARS OF SERVICE CREDITS, ARE NOT ELIGIBLE FOR THE MEANS TEST.

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Notice of Prescription Drug Creditable Coverage
City of Chicago Retiree Healthcare Plan

The City of Chicago has determined that Retiree Healthcare Plan prescription drug benefits are, on average, "creditable coverage," which means the City's coverage is expected to pay as much (or more in some cases) as standard Medicare Prescription Drug Coverage.

Because the City's prescription drug benefits are creditable coverage, you can choose to stay covered under the City's Plan and join a Medicare plan later and not be subject to the higher Medicare premium penalty.

Keep this Notice. If you enroll for Medicare Prescription Drug Coverage, you may need a copy of this Notice when you enroll. This Notice verifies that you have creditable coverage and that you are not required to pay the higher premium penalty.

Your Choices and the Consequences

You should compare your current coverage with the coverage and cost of the Medicare plans in your area. Regardless of whether or not you or a dependent enroll for Medicare Prescription Drug Coverage, you will continue to receive your current prescription drug benefits under the City's Plan (as long as you or your dependent are otherwise eligible to continue the City's coverage). Remember that the City's Plan also covers medical benefits, in addition to prescription drug benefits. **The premium you pay for coverage under the City's Plan will not be affected by whether or not you enroll in Medicare Prescription Drug Coverage.**

However, if you or a dependent are eligible and enroll for Medicare Prescription Drug Coverage, your or your dependent's prescription drug benefits under the City's Plan will be secondary to, and will be coordinated with, your Medicare Prescription Drug Coverage. Also, remember that for most people there is a monthly premium for Medicare Prescription Drug Coverage.

Important Note: If you or a dependent are eligible for Medicare, drop or lose your coverage with the City, and do not enroll for Medicare Prescription Drug Coverage after your current coverage ends, you may pay more for Medicare Prescription Drug Coverage later. If you go 63 days or longer without prescription drug coverage that is at least as good as Medicare Prescription Drug Coverage, your monthly premium for Medicare Prescription Drug Coverage will increase. The increase will be 1% per month for every month that you were eligible for but did not have coverage. For example, if you go 19 months without coverage, your monthly premium will always be 19% higher than what most other people pay. You will have to pay the higher premium penalty as long as you have Medicare Prescription Drug Coverage. In addition, you may have to wait until the next open enrollment period (October 15 through December 7 each year) to enroll.

Eligible individuals who are entitled to Medicare Part A or enrolled in Part B can enroll for Medicare Prescription Drug Coverage when they are first eligible or during the annual Medicare enrollment period (between October 15 through December 7 each year). Medicare eligible individuals who lose or drop creditable prescription drug benefits may be eligible for a two month Special Enrollment Period to sign up for Medicare Prescription Drug Coverage. Detailed information about Special Enrollment Periods is included in the *Medicare & You* handbook sent to Medicare eligible individuals each fall.

(TURN THIS PAGE OVER FOR MORE INFORMATION)

For More Information About Medicare Prescription Drug Coverage

More information about Medicare Prescription Drug Coverage is available in the "Medicare & You" handbook that Medicare publishes and sends to Medicare beneficiaries each fall. You may also be contacted directly from Medicare prescription drug plans.

To get more information, you can:

- Visit www.medicare.gov for personalized help.
- Call your State Health Insurance Assistance Program (the telephone number is in the "Medicare & You" handbook).
- Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

For people with limited income and assets, extra help paying for a Medicare Prescription Drug Coverage is available. Additional information is available from the Social Security Administration by:

- Visiting www.socialsecurity.gov/prescriptionhelp.
- Calling 1-800-772-1213 (TTY users should call 1-800-325-0778).

For More Information About this Notice or the City's Prescription Drug Benefits

If you have any questions about this Notice or would like more information about your prescription drug benefits under the City's Plan, please call the Benefits Management Office.

You may receive this Notice at other times in the future, such as before the next period you can enroll in Medicare Prescription Drug Coverage or if the City's coverage changes. You also may request a copy at any time from the Benefits Management Office.

Date of Notice:	September 2013
Entity/Sender:	The City of Chicago
Contact:	Benefits Management Office
Address:	333 South State Street, Room 400, Chicago, Illinois 60604-3978
Telephone Number:	1-877-299-5111
Web Site:	www.cityofchicago.org/benefits

MEDICARE PART D ENROLLMENT

Medicare provides the City of Chicago enrollment information on Medicare Part D participants who also have City of Chicago coverage. If you or a covered dependent enroll in a Part D plan, or are defaulted into a Part D plan because of eligibility for a State or Federal program, and you want to disenroll, you must call Medicare. They will provide you with the necessary information to disenroll. You must then notify the Benefits Management Office so we can update our records.

Benefits under the City of Chicago Retiree Healthcare Plan may be modified, reduced, or terminated as specified in the legal documents that establish the Plan. The City expressly reserves all rights to make amendments or terminate the Plan as allowed by the legal documents that establish the Plan.

Group B
1 Medicare / 1 Non
Retired
Past 8/23/89
Pre 7/1/05

DEPARTMENT OF FINANCE
CITY OF CHICAGO

October, 2013

Dear City of Chicago Plan Participant:

- **Who is not Medicare eligible but whose spouse or other covered dependent is Medicare eligible, or**
- **Who is Medicare eligible but whose spouse or other covered dependent is not Medicare eligible**

This letter and the enclosed documents contain important information about your health care benefits and the premium rates that will be effective on January 1, 2014, including the following:

1) A new premium rate chart.
2) Two 2014 Benefits Summaries, one for the Medicare eligible covered participants and one for the non-Medicare eligible covered participants.
3) The Notice of Creditable Coverage for prescription drug coverage.
4) Information on the Means Test--a way for certain low income plan members to save money for premiums and/or for prescription drug co-payments.
5) An important reminder about Medicare enrollment.

Rate Changes: Your premium rates for 2014 are enclosed. These rates are a based on the projected cost of the Plan minus the City of Chicago's contribution and the anticipated Pension Fund subsidy.

Plan Changes: The name of the new plan for non Medicare eligible plan participants is the *City of Chicago Non-Medicare Eligible Retiree Healthcare Plan* and for Medicare eligible plan participants it is the *City of Chicago Medicare Supplement Retiree Healthcare Plan*. Benefits Summaries for 2014 are enclosed. Just as occurred in past years, your co-pays for mail order drugs will increase by 5% for both Medicare and Non-Medicare eligible participants and for non-Medicare plan participants the deductibles and out of pocket limits will increase by 3%. Remember, the Plan also now requires that you use the mail order pharmacy for maintenance prescriptions

Creditable Coverage Notice: This notice verifies that you have creditable drug coverage under the Plan. This means that the coverage provided under the Plan is at least as good as the coverage under a Medicare Part D plan. This is for Medicare eligible Plan participants or those who will become Medicare eligible in 2013 or 2014. Please keep this notice in your permanent records.

Means Test: Certain low income Plan participants may be eligible to have their co-pays for mail order drugs

(See Reverse Side)

and/or their premiums reduced. To be eligible for these benefits, your combined household adjusted gross income, as reported to the Internal Revenue Service in the immediately preceding tax year, must be at or below 250% of the federal poverty guidelines for your family size for that year. This does not apply to all individuals; for example, former City employees who retired and/or began receiving an annuity on or after July 1, 2005 based on less than 10 years of City service, are not eligible for the Means Test. As part of the application process you must provide a release that allows the City to receive a copy of your most recently filed tax return.

If your annual annuity amount is less than 250% of the federal poverty level for 2013, a Means Test application will be sent to you under separate cover. (250% of the federal poverty level for a single person for 2013 is $28,725; for a couple it is $38,775.) If your annuity is more than that but you believe that your adjusted gross income may qualify you for the benefit based on your family size, you may call the benefits service center at 1-877-299-5111, or you may find the application at cityofchicago.org/benefits/supporting documentation.

Important Reminder About Medicare Enrollment: If you are approaching Medicare age (age 65 for most people), you need to apply for Medicare and provide the benefits management office and your pension fund with a copy of the Medicare card. If you are not eligible for free Part A based on your work record or your spouse's or former spouse's work record, you must provide the benefits management office with the letter from Social Security advising you of this. Failure to provide us the proper documentation does not mean that you will remain in the plan for non-Medicare eligible retirees. You will be placed in the Medicare supplement plan and you will face financial consequences for not taking the necessary steps to secure Medicare enrollment. This also applies to your spouse, if your spouse is approaching Medicare age.

Please call the benefits service center at 1-877-299-5111 if you have any questions about this letter.

Sincerely,
Nancy Currier
Benefits Manager

CITY OF CHICAGO
MONTHLY RATES FOR RETIREE HEALTHCARE PLANS
EFFECTIVE DATE - JANUARY 1, 2014

THE FOLLOWING RATES ARE APPLICABLE FOR EMPLOYEES WHO BECAME RETIREES ON OR AFTER AUGUST 23, 1989 AND BY JULY 1, 2005

CATEGORY	PLAN	MONTHLY CONTRIBUTION RATES
RETIREE		
	MEDICARE	$112
	NON-MEDICARE	$499
RETIREE AND SPOUSE		
	MEDICARE/MEDICARE	$281
	MEDICARE/NON-MEDICARE	$698
	NON-MEDICARE/MEDICARE	$668
	NON-MEDICARE/NON-MEDICARE	$1,072
RETIREE AND CHILD(REN)		
	MEDICARE/CHILD(REN)	$302
	NON-MEDICARE/CHILD(REN)	$675
RETIREE, SPOUSE AND CHILD(REN)		
	MED/MED/CHILD(REN)	$470
	MED/NON/CHILD(REN)	$874
	NON/MED/CHILD(REN)	$844
	NON/NON/CHILD(REN)	$1,248
CHILD(REN)		
	CHILD(REN)	$103

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PLAN AHEAD FOR IMPORTANT 2014

RETIREMENT HEALTHCARE BENEFITS

In May 2013 you received a letter informing you that, in light of the evolving landscape of national healthcare and challenges faced by Chicago taxpayers, changes to the City of Chicago's retiree healthcare benefits would be implemented starting in 2014. The relevant information provided in that letter is summarized here so that you have it as you review the details of your healthcare coverage for the 2014 plan year, which are summarized in the documents provided in this mailing.

As a reminder, the City of Chicago extended retiree coverage and benefits through December 2013 in an effort to maintain current coverage for a full plan year and allow you time to plan and prepare for 2014.

Importantly, for City retirees who retired prior to August 23, 1989, in 2014 and beyond, the City will substantially subsidize your health benefits. In short, the City will provide a healthcare plan with a contribution from the City of up to 55% of the cost of that plan for your lifetime.

For City retirees who retired on or after August 23, 1989, in 2014 the City will provide a subsidy towards the cost of your health benefits if you have at least 10 years of City service, but there will be some changes to that subsidy. It is important to note that the 2014 healthcare plan will include*:

- ✓ **Blue Cross Blue Shield PPO network and prescription coverage.**
- ✓ **No increase in the co-pays, deductibles or out-of-pocket cost other than the same small percentage increases that occurred annually in the prior plan.**
- ✓ **90% coverage for PPO hospital expenses and doctor visits, after deductible.**
- ✓ **Generous Medicare supplemental coverage for Medicare recipients, including prescription drugs.**
- ✓ **The additional City premium subsidy available to low-income retirees is improved to include retirees at or below 250% of the federal poverty level; the subsidy in the prior plan was capped at 200%.**

With the changes taking place in the national healthcare market, we will assist retirees in obtaining the information needed to navigate the options available for their healthcare needs going forward, both for Medicare and non-Medicare eligible retirees. Other options for coverage for 2014 and beyond:

- Retirees not eligible for Medicare will have a broad range of healthcare plan options available to them as the Illinois health insurance exchange goes into effect in 2014.
- Retirees who are eligible for Medicare will receive Medicare coverage, and supplemental Medicare plans are available from many insurance companies – as there are today.

Please note – **A recently enacted state law provides for a pension fund subsidy of $95 per month for non-Medicare eligible retirees and $65 per month for retirees eligible for Medicare through 2016, saving you thousands of dollars in healthcare costs in the coming years.**

*The Plan Document defines and controls the terms of the benefits provided.

The City will continue to provide you relevant updates on these matters going forward.

For information about plan changes, call 1-877-299-5111
or visit **www.cityofchicago.org**

To learn more about the Illinois health insurance exchange plans, call 1-866-311-1119
or visit **www.GetCoveredIllinois.gov**

To download the Retiree Healthcare Benefits Commission ("RHBC") report, visit
www.cityofchicago.org/city/en/depts/fin/provdrs/ben.html

CITY OF CHICAGO

BENEFITS SUMMARY†
Effective January 1, 2014

†The plan document defines and controls the terms of the benefits provided.

Non-Medicare Eligible Retiree Healthcare Plan

The Non-Medicare Eligible Retiree Healthcare Plan pays the percentages listed below after you meet the annual deductibles. The maximum amount that the Plan will pay is based on the Plan's PPO maximum allowance.* Services must be medically necessary.

Medical Benefits	PPO Providers Out-of-Area Retirees	Non-PPO Providers
Lifetime Maximum	$1.5 million per covered person for medical and prescription drugs [1]	
Deductible		
Individual	$403	$941
Family	$1,209	$2,823
Out-of-Pocket Expense Limit		
Individual	$2,353	$4,703
Family	$4,706	$9,406
	PPO and non-PPO cannot be combined	
Coinsurance	**Plan Pays:**	**Plan Pays:**
Emergency Room Services	90%	
MRI Scans, PET Scans, CAT Scans [2]	80%	
Occupational and Speech Therapy [2]		
Prosthetic Devices and Durable Medical Equipment (DME) [2]		
Ambulance Transportation [2]		
Skilled Nursing Facility [2]		
Skilled Home Health Care [2]		
Hospice Care [2]		
Outpatient Mental Health and Substance Abuse Treatment [2]		
Diagnostic Testing Incentive Program**		
Diagnostic Lab Tests performed by an independent PPO lab (i.e. Quest) paid in full by Plan if all requirements are met.		
Other Covered Services, for example: • Hospital Inpatient [2] • Hospital Outpatient • Doctor (Office) Visits • Chiropractic Visits Note: Routine Screening Exams/Physicals are not covered	90%	70%

[1] The lifetime maximum includes expenses paid under both the Non-Medicare and Medicare plans combined.

[2] These services require pre-certification through Telligen, call 1-800-373-3727, pursuant to Plan guidelines.

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Prescription Drug Benefits	Coverage
Caremark Retail Pharmacy – up to a 30 day supply or 100 unit dose (whichever is less)	After you've met the separate $100 annual prescription drug deductible (does not apply to Means Test Eligible Retirees),*** for each prescription, you pay: • 20% of the contracted cost for generic drugs • 20% of the contracted cost for formulary brand name drugs***** when no generic is available • 20% of the contracted cost plus $15 for non-formulary brand name drugs**** when no generic is available
Mail Order Program - Up to a 90 day supply	For each prescription, you pay: • $25 for 2014 ($7 for Means Test Eligible Retirees) for generic drugs • $65 for 2014 ($20 for Means Test Eligible Retirees) for formulary brand name drugs when no generic is available **Note: non-formulary brand name medications are not available through the mail order program.**
Restrictions: Why choose a generic?	If a brand name drug is dispensed when a generic alternative is available, you pay the difference in cost between the generic and the brand name as well as the generic copayment. The Plan will not pay more than it would pay for the generic medication, if you buy a brand name drug when a generic alternative is available.
Generic Step Therapy Program for generics available in the therapeutic class	If you elect to purchase a brand medication without trying an appropriate generic medication in the same therapeutic class, you will pay the full cost of the medication. **If you try the generic medication and your physician finds that the generic medication is not effective in treating your condition, you will be able to receive the brand medication at the copayment applicable to non-formulary or formulary.**
Specialty Medications	If you do not try the preferred medication for the therapeutic class, you will pay the full cost of the medication. If you try the preferred specialty medication and it is not effective in treating your condition, you will be able to receive a non-preferred formulary drug.
Mandatory Mail Order	Requiring the use of mail order will reduce costs for the City and Retirees. After 2 fills of your generic or formulary brand medication at a retail pharmacy, you will be required to use mail order for any additional fills through CVS-Caremark in Mount Prospect, IL. If you do not use the mail order program for your 3rd or any subsequent fills, you will pay the full cost of the prescription. If your medication is non-formulary, however, you must continue to use the retail pharmacy.
Out-of-network pharmacy reimbursement	If you do not go to a network retail pharmacy, you pay the full amount when you pick up your prescription. You must then submit a receipt for reimbursement. The Plan will pay 60% of the Plan's cost, after you've met the deductible (if applicable). There is no formulary list if you go to an out-of-network pharmacy.

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BENEFITS SUMMARY†
Effective January 1, 2014

†The plan document defines and controls the terms of the benefits provided.

Medicare Supplement Retiree Healthcare Plan

The Medicare Supplement Retiree Healthcare Plan pays the percentages listed below after you Medicare and any annual deductibles. The maximum amount that the Plan will pay is based on the Medicare allowable charge.* Services must be medically necessary.

Medical Benefits	Coverage
Lifetime Maximum	$1.5 million per person for medical and prescription drug benefits [1]
Plan Deductible [2]	$100 per person each calendar year (separate from Medicare Part B deductible)
Hospitalization	
Days 1 – 60	You pay $50 of the Medicare Part A Inpatient Deductible for the first hospital stay in each calendar year. Plan pays all but $50 of Medicare Part A Inpatient Deductible for the first hospital stay each calendar year.
Days 61 – 90	You pay 0. Plan pays 100% of the Medicare daily copayment, which is 25% of the Medicare Part A Inpatient Deductible.
Days 91 – 150	You pay 0. Plan pays 100% of the Medicare daily copayment, which is 50% of the Medicare Part A Inpatient Deductible.
Additional Days	Additional days may be covered under Medicare Part A and/or the Plan.
Skilled Nursing Facility	
Days 1 – 20	You pay 0. Medicare pays 100% of first 20 days each Medicare Benefit Period.
Days 21 – 100	You pay 0. Plan pays 100% of the Medicare daily copayment, which is 1/8 of the Medicare Part A Inpatient Deductible.
Additional Days	You pay 100%. No Medicare or Plan benefits are paid after 100 days in a Medicare Benefit Period.
Other Covered Services	Plan pays 20% of Medicare approved amount after Part B deductible and Plan deductible.
Out-of-Country Services	If you are in a foreign country and are hospitalized due to an emergency, the Plan pays 80% of eligible charges for medically necessary services during the first 60 days of your hospitalization. Benefits are subject to a $250 calendar year deductible. The total lifetime maximum that the City's Plan pays is limited to $50,000
Diabetic Supplies	Medicare Part B covers diabetic supplies such as glucose testing monitors, blood glucose test strips, lancets, and glucose control solutions. There may be limits on supplies or how to get them. Ask your pharmacy or supplier if they are enrolled in the Medicare program. If they are not, Medicare will not pay and neither will the City's Plan because the City's Plan is only a supplement to Medicare. If you have paid the yearly Part B deductible as well as the City's $100 annual deductible, the City will pay 20% of the Medicare approved amount.

[1] The lifetime maximum includes expenses paid under both the Non-Medicare and Medicare plans combined.

[2] Medicare Part A and Medicare Part B: **No expense is covered by the Plan if Medicare does not cover it unless otherwise specified.** If you are only enrolled in Medicare Part A, the Plan will pay benefits as though you are enrolled in both Medicare Part A and Medicare Part B.

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Prescription Drug Benefits	Coverage
Caremark Retail Pharmacy – up to a 30 day supply or 100 unit dose (whichever is less)	After you've met the separate $100 annual prescription drug deductible (does not apply to Means Test Eligible Retirees),*** for each prescription, you pay: • 20% of the contracted cost for generic drugs • 20% of the contracted cost for formulary brand name drugs*** when no generic is available • 20% of the contracted cost plus $15 for non-formulary brand name drugs**** when no generic is available
Mail Order Program - Up to a 90 day supply	For each prescription, you pay: • $25 for 2014 ($7 for Means Test Eligible Retirees) for generic drugs • $65 for 2014 ($20 for Means Test Eligible Retirees) for formulary brand name drugs when no generic is available **Note: non-formulary brand name medications are not available through the mail order program.**
Restrictions: Why choose a generic?	If a brand name drug is dispensed when a generic alternative is available, you pay the difference in cost between the generic and the brand name as well as the generic copayment. The Plan will not pay more than it would pay for the generic medication, if you buy a brand name drug when a generic alternative is available.
Generic Step Therapy Program for generics available in the therapeutic class	If you elect to purchase a brand medication without trying an appropriate generic medication in the same therapeutic class, you will pay the full cost of the medication. **If you try the generic medication and your physician finds that the generic medication is not effective in treating your condition, you will be able to receive the brand medication at the copayment applicable to non-formulary or formulary.**
Specialty Medications	If you do not try the preferred medication for the therapeutic class, you will pay the full cost of the medication. If you try the preferred specialty medication and it is not effective in treating your condition, you will be able to receive a non-preferred formulary drug.
Mandatory Mail Order	Requiring the use of mail order will reduce costs for the City and Retirees. After 2 fills of your generic or formulary brand medication at a retail pharmacy, you will be required to use mail order for any additional fills through CVS-Caremark in Mount Prospect, IL. If you do not use the mail order program for your 3rd or any subsequent fills, you will pay the full cost of the prescription. If your medication is non-formulary, however, you must continue to use the retail pharmacy.
Out-of-network pharmacy reimbursement	If you do not go to a network retail pharmacy, you pay the full amount when you pick up your prescription. You must then submit a receipt for reimbursement. The Plan will pay 60% of the Plan's cost, after you've met the deductible (if applicable). There is no formulary list if you go to an out-of-network pharmacy.

* **MEDICARE ALLOWABLE CHARGE** – THE AMOUNT THAT MEDICARE DETERMINES A PARTICULAR SERVICE OR SUPPLY SHOULD COST. THE MEDICARE SUPPLEMENT RETIREE HEALTHCARE PLAN BASES PAYMENT ON THE MEDICARE ALLOWABLE CHARGE.

** **MEANS TEST ELIGIBLE RETIREE** – GENERALLY, THE COMBINED HOUSEHOLD ADJUSTED GROSS INCOME, AS REPORTED TO THE INTERNAL REVENUE SERVICE IN THE IMMEDIATELY PRECEDING TAX YEAR, MUST BE AT OR BELOW 200% OF FEDERAL POVERTY GUIDELINES FOR YOUR FAMILY SIZE THAT YEAR. THIS DOES NOT APPLY TO ALL INDIVIDUALS; FOR EXAMPLE, FORMER CITY OF CHICAGO EMPLOYEES WHO RETIRE AND/OR BEGIN RECEIVING AN ANNUITY ON OR AFTER JULY 1, 2005, BASED ON LESS THAN 10 YEARS OF SERVICE CREDITS, ARE NOT ELIGIBLE FOR THE MEANS TEST.

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Notice of Prescription Drug Creditable Coverage
City of Chicago Retiree Healthcare Plan

The City of Chicago has determined that Retiree Healthcare Plan prescription drug benefits are, on average, "creditable coverage," which means the City's coverage is expected to pay as much (or more in some cases) as standard Medicare Prescription Drug Coverage.

Because the City's prescription drug benefits are creditable coverage, you can choose to stay covered under the City's Plan and join a Medicare plan later and not be subject to the higher Medicare premium penalty.

Keep this Notice. If you enroll for Medicare Prescription Drug Coverage, you may need a copy of this Notice when you enroll. This Notice verifies that you have creditable coverage and that you are not required to pay the higher premium penalty.

Your Choices and the Consequences

You should compare your current coverage with the coverage and cost of the Medicare plans in your area. Regardless of whether or not you or a dependent enroll for Medicare Prescription Drug Coverage, you will continue to receive your current prescription drug benefits under the City's Plan (as long as you or your dependent are otherwise eligible to continue the City's coverage). Remember that the City's Plan also covers medical benefits, in addition to prescription drug benefits. **The premium you pay for coverage under the City's Plan will not be affected by whether or not you enroll in Medicare Prescription Drug Coverage.**

However, if you or a dependent are eligible and enroll for Medicare Prescription Drug Coverage, your or your dependent's prescription drug benefits under the City's Plan will be secondary to, and will be coordinated with, your Medicare Prescription Drug Coverage. Also, remember that for most people there is a monthly premium for Medicare Prescription Drug Coverage.

Important Note: If you or a dependent are eligible for Medicare, drop or lose your coverage with the City, and do not enroll for Medicare Prescription Drug Coverage after your current coverage ends, you may pay more for Medicare Prescription Drug Coverage later. If you go 63 days or longer without prescription drug coverage that is at least as good as Medicare Prescription Drug Coverage, your monthly premium for Medicare Prescription Drug Coverage will increase. The increase will be 1% per month for every month that you were eligible for but did not have coverage. For example, if you go 19 months without coverage, your monthly premium will always be 19% higher than what most other people pay. You will have to pay the higher premium penalty as long as you have Medicare Prescription Drug Coverage. In addition, you may have to wait until the next open enrollment period (October 15 through December 7 each year) to enroll.

Eligible individuals who are entitled to Medicare Part A or enrolled in Part B can enroll for Medicare Prescription Drug Coverage when they are first eligible or during the annual Medicare enrollment period (between October 15 through December 7 each year). Medicare eligible individuals who lose or drop creditable prescription drug benefits may be eligible for a two month Special Enrollment Period to sign up for Medicare Prescription Drug Coverage. Detailed information about Special Enrollment Periods is included in the *Medicare & You* handbook sent to Medicare eligible individuals each fall.

(TURN THIS PAGE OVER FOR MORE INFORMATION)

For More Information About Medicare Prescription Drug Coverage

More information about Medicare Prescription Drug Coverage is available in the "Medicare & You" handbook that Medicare publishes and sends to Medicare beneficiaries each fall. You may also be contacted directly from Medicare prescription drug plans.

To get more information, you can:

- Visit www.medicare.gov for personalized help.
- Call your State Health Insurance Assistance Program (the telephone number is in the "Medicare & You" handbook).
- Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

For people with limited income and assets, extra help paying for a Medicare Prescription Drug Coverage is available. Additional information is available from the Social Security Administration by:

- Visiting www.socialsecurity.gov/prescriptionhelp.
- Calling 1-800-772-1213 (TTY users should call 1-800-325-0778).

For More Information About this Notice or the City's Prescription Drug Benefits

If you have any questions about this Notice or would like more information about your prescription drug benefits under the City's Plan, please call the Benefits Management Office.

You may receive this Notice at other times in the future, such as before the next period you can enroll in Medicare Prescription Drug Coverage or if the City's coverage changes. You also may request a copy at any time from the Benefits Management Office.

Date of Notice:	September 2013
Entity/Sender:	The City of Chicago
Contact:	Benefits Management Office
Address:	333 South State Street, Room 400, Chicago, Illinois 60604-3978
Telephone Number:	1-877-299-5111
Web Site:	www.cityofchicago.org/benefits

MEDICARE PART D ENROLLMENT

Medicare provides the City of Chicago enrollment information on Medicare Part D participants who also have City of Chicago coverage. If you or a covered dependent enroll in a Part D plan, or are defaulted into a Part D plan because of eligibility for a State or Federal program, and you want to disenroll, you must call Medicare. They will provide you with the necessary information to disenroll. You must then notify the Benefits Management Office so we can update our records.

Benefits under the City of Chicago Retiree Healthcare Plan may be modified, reduced, or terminated as specified in the legal documents that establish the Plan. The City expressly reserves all rights to make amendments or terminate the Plan as allowed by the legal documents that establish the Plan.

Group C
1 Medicare/1 Non
Retired Pre 8/23/89

DEPARTMENT OF FINANCE
CITY OF CHICAGO

October, 2013

Dear City of Chicago Plan Participant:

- **Who is not Medicare eligible but whose spouse or other covered dependent is Medicare eligible, or**
- **Who is Medicare eligible but whose spouse or other covered dependent is not Medicare eligible**

This letter and the enclosed documents contain important information about your health care benefits and the premium rates that will be effective on January 1, 2014, including the following:

1) A new premium rate chart.
2) Two 2014 Benefits Summaries, one for the Medicare eligible covered participants and one for the non-Medicare eligible covered participants.
3) The Notice of Creditable Coverage for prescription drug coverage.
4) Information on the Means Test--a way for certain low income plan members to save money for premiums and/or for prescription drug co-payments.
5) An important reminder about Medicare enrollment.

Rate Changes: Your premium rates for 2014 are enclosed. These rates are a based on the projected cost of the Plan minus the City of Chicago's contribution and the anticipated Pension Fund subsidy.

Plan Changes: The name of the new plan for non Medicare eligible plan participants is the *City of Chicago Non-Medicare Eligible Retiree Healthcare Plan* and for Medicare eligible plan participants it is the *City of Chicago Medicare Supplement Retiree Healthcare Plan*. Benefits Summaries for 2014 are enclosed. Just as occurred in past years, your co-pays for mail order drugs will increase by 5% for both Medicare and Non-Medicare eligible participants and for non-Medicare plan participants the deductibles and out of pocket limits will increase by 3%. Remember, the Plan also now requires that you use the mail order pharmacy for maintenance prescriptions

Creditable Coverage Notice: This notice verifies that you have creditable drug coverage under the Plan. This means that the coverage provided under the Plan is at least as good as the coverage under a Medicare Part D plan. This is for Medicare eligible Plan participants or those who will become Medicare eligible in 2013 or 2014. Please keep this notice in your permanent records.

Means Test: Certain low income Plan participants may be eligible to have their co-pays for mail order drugs

(See Reverse Side)

and/or their premiums reduced. To be eligible for these benefits, your combined household adjusted gross income, as reported to the Internal Revenue Service in the immediately preceding tax year, must be at or below 250% of the federal poverty guidelines for your family size for that year. This does not apply to all individuals; for example, former City employees who retired and/or began receiving an annuity on or after July 1, 2005 based on less than 10 years of City service, are not eligible for the Means Test. As part of the application process you must provide a release that allows the City to receive a copy of your most recently filed tax return.

If your annual annuity amount is less than 250% of the federal poverty level for 2013, a Means Test application will be sent to you under separate cover. (250% of the federal poverty level for a single person for 2013 is $28,725; for a couple it is $38,775.) If your annuity is more than that but you believe that your adjusted gross income may qualify you for the benefit based on your family size, you may call the benefits service center at 1-877-299-5111, or you may find the application at cityofchicago.org/benefits/supporting documentation.

Important Reminder About Medicare Enrollment: If you are approaching Medicare age (age 65 for most people), you need to apply for Medicare and provide the benefits management office and your pension fund with a copy of the Medicare card. If you are not eligible for free Part A based on your work record or your spouse's or former spouse's work record, you must provide the benefits management office with the letter from Social Security advising you of this. Failure to provide us the proper documentation does not mean that you will remain in the plan for non-Medicare eligible retirees. You will be placed in the Medicare supplement plan and you will face financial consequences for not taking the necessary steps to secure Medicare enrollment. This also applies to your spouse, if your spouse is approaching Medicare age.

Please call the benefits service center at 1-877-299-5111 if you have any questions about this letter.

Sincerely,
Nancy Currier
Benefits Manager

CITY OF CHICAGO
MONTHLY RATES FOR RETIREE HEALTHCARE PLANS
EFFECTIVE DATE - JANUARY 1, 2014

THE FOLLOWING RATES ARE APPLICABLE FOR EMPLOYEES WHO BECAME RETIREES BEFORE AUGUST 23, 1989

CATEGORY	PLAN	MONTHLY CONTRIBUTION RATES
RETIREE		
	MEDICARE	$69
	NON-MEDICARE	$69
RETIREE AND SPOUSE		
	MEDICARE/MEDICARE	$197
	MEDICARE/NON-MEDICARE	$197
	NON-MEDICARE/MEDICARE	$197
	NON-MEDICARE/NON-MEDICARE	$197
RETIREE AND CHILD(REN)		
	MEDICARE/CHILD(REN)	$197
	NON-MEDICARE/CHILD(REN)	$197
RETIREE, SPOUSE AND CHILD(REN)		
	MED/MED/CHILD(REN)	$325
	MED/NON/CHILD(REN)	$325
	NON/MED/CHILD(REN)	$325
	NON/NON/CHILD(REN)	$325

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Notice of Prescription Drug Creditable Coverage
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Date of Notice:	September 2013
Entity/Sender:	The City of Chicago
Contact:	Benefits Management Office
Address:	333 South State Street, Room 400, Chicago, Illinois 60604-3978
Telephone Number:	1-877-299-5111
Web Site:	www.cityofchicago.org/benefits

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Effective January 1, 2014

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Additional Days	Additional days may be covered under Medicare Part A and/or the Plan.
Skilled Nursing Facility	
Days 1 – 20	You pay 0. Medicare pays 100% of first 20 days each Medicare Benefit Period.
Days 21 – 100	You pay 0. Plan pays 100% of the Medicare daily copayment, which is 1/8 of the Medicare Part A Inpatient Deductible.
Additional Days	You pay 100%. No Medicare or Plan benefits are paid after 100 days in a Medicare Benefit Period.
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[1] The lifetime maximum includes expenses paid under both the Non-Medicare and Medicare plans combined.

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(See Reverse Side)

Prescription Drug Benefits	Coverage
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Mail Order Program - Up to a 90 day supply	For each prescription, you pay: • $25 for 2014 ($7 for Means Test Eligible Retirees) for generic drugs • $65 for 2014 ($20 for Means Test Eligible Retirees) for formulary brand name drugs when no generic is available **Note: non-formulary brand name medications are not available through the mail order program.**
Restrictions: Why choose a generic?	If a brand name drug is dispensed when a generic alternative is available, you pay the difference in cost between the generic and the brand name as well as the generic copayment. The Plan will not pay more than it would pay for the generic medication, if you buy a brand name drug when a generic alternative is available.
Generic Step Therapy Program for generics available in the therapeutic class	If you elect to purchase a brand medication without trying an appropriate generic medication in the same therapeutic class, you will pay the full cost of the medication. **If you try the generic medication and your physician finds that the generic medication is not effective in treating your condition, you will be able to receive the brand medication at the copayment applicable to non-formulary or formulary.**
Specialty Medications	If you do not try the preferred medication for the therapeutic class, you will pay the full cost of the medication. If you try the preferred specialty medication and it is not effective in treating your condition, you will be able to receive a non-preferred formulary drug.
Mandatory Mail Order	Requiring the use of mail order will reduce costs for the City and Retirees. After 2 fills of your generic or formulary brand medication at a retail pharmacy, you will be required to use mail order for any additional fills through CVS-Caremark in Mount Prospect, IL. If you do not use the mail order program for your 3rd or any subsequent fills, you will pay the full cost of the prescription. If your medication is non-formulary, however, you must continue to use the retail pharmacy.
Out-of-network pharmacy reimbursement	If you do not go to a network retail pharmacy, you pay the full amount when you pick up your prescription. You must then submit a receipt for reimbursement. The Plan will pay 60% of the Plan's cost, after you've met the deductible (if applicable). There is no formulary list if you go to an out-of-network pharmacy.

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BENEFITS SUMMARY†
Effective January 1, 2014

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Non-Medicare Eligible Retiree Healthcare Plan

The Non-Medicare Eligible Retiree Healthcare Plan pays the percentages listed below after you meet the annual deductibles. The maximum amount that the Plan will pay is based on the Plan's PPO maximum allowance.* Services must be medically necessary.

Medical Benefits	PPO Providers Out-of-Area Retirees	Non-PPO Providers
Lifetime Maximum	$1.5 million per covered person for medical and prescription drugs [1]	
Deductible		
Individual	$403	$941
Family	$1,209	$2,823
Out-of-Pocket Expense Limit		
Individual	$2,353	$4,703
Family	$4,706	$9,406
	PPO and non-PPO cannot be combined	
Coinsurance	**Plan Pays:**	**Plan Pays:**
Emergency Room Services	90%	
MRI Scans, PET Scans, CAT Scans [2]	80%	
Occupational and Speech Therapy [2]		
Prosthetic Devices and Durable Medical Equipment (DME) [2]		
Ambulance Transportation [2]		
Skilled Nursing Facility [2]		
Skilled Home Health Care [2]		
Hospice Care [2]		
Outpatient Mental Health and Substance Abuse Treatment [2]		
Diagnostic Testing Incentive Program**		
Diagnostic Lab Tests performed by an independent PPO lab (i.e. Quest) paid in full by Plan if all requirements are met.		
Other Covered Services, for example: • Hospital Inpatient [2] • Hospital Outpatient • Doctor (Office) Visits • Chiropractic Visits Note: Routine Screening Exams/Physicals are not covered	90%	70%

[1] The lifetime maximum includes expenses paid under both the Non-Medicare and Medicare plans combined.

[2] These services require pre-certification through Telligen, call 1-800-373-3727, pursuant to Plan guidelines.

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(See Reverse Side)

Prescription Drug Benefits	Coverage
Caremark Retail Pharmacy – up to a 30 day supply or 100 unit dose (whichever is less)	After you've met the separate $100 annual prescription drug deductible (does not apply to Means Test Eligible Retirees),*** for each prescription, you pay: • 20% of the contracted cost for generic drugs • 20% of the contracted cost for formulary brand name drugs***** when no generic is available • 20% of the contracted cost plus $15 for non-formulary brand name drugs**** when no generic is available
Mail Order Program - Up to a 90 day supply	For each prescription, you pay: • $25 for 2014 ($7 for Means Test Eligible Retirees) for generic drugs • $65 for 2014 ($20 for Means Test Eligible Retirees) for formulary brand name drugs when no generic is available **Note: non-formulary brand name medications are not available through the mail order program.**
Restrictions: Why choose a generic?	If a brand name drug is dispensed when a generic alternative is available, you pay the difference in cost between the generic and the brand name as well as the generic copayment. The Plan will not pay more than it would pay for the generic medication, if you buy a brand name drug when a generic alternative is available.
Generic Step Therapy Program for generics available in the therapeutic class	If you elect to purchase a brand medication without trying an appropriate generic medication in the same therapeutic class, you will pay the full cost of the medication. **If you try the generic medication and your physician finds that the generic medication is not effective in treating your condition, you will be able to receive the brand medication at the copayment applicable to non-formulary or formulary.**
Specialty Medications	If you do not try the preferred medication for the therapeutic class, you will pay the full cost of the medication. If you try the preferred specialty medication and it is not effective in treating your condition, you will be able to receive a non-preferred formulary drug.
Mandatory Mail Order	Requiring the use of mail order will reduce costs for the City and Retirees. After 2 fills of your generic or formulary brand medication at a retail pharmacy, you will be required to use mail order for any additional fills through CVS-Caremark in Mount Prospect, IL. If you do not use the mail order program for your 3rd or any subsequent fills, you will pay the full cost of the prescription. If your medication is non-formulary, however, you must continue to use the retail pharmacy.
Out-of-network pharmacy reimbursement	If you do not go to a network retail pharmacy, you pay the full amount when you pick up your prescription. You must then submit a receipt for reimbursement. The Plan will pay 60% of the Plan's cost, after you've met the deductible (if applicable). There is no formulary list if you go to an out-of-network pharmacy.

* **PPO MAXIMUM ALLOWANCE** – THE AMOUNT THAT PROVIDERS WHO HAVE CONTRACTED WITH THE CLAIMS ADMINISTRATOR HAVE AGREED TO ACCEPT AS REIMBURSEMENT. THE MAXIMUM AMOUNT THAT WILL BE CONSIDERED BY THE PLAN AS COVERED FOR SERVICES IS THE LOWEST OF THE PROVIDERS ACTUAL CHARGE, THE PPO CONTRACTED RATE OR THE USUAL AND CUSTOMARY CHARGE.

** **DIAGNOSTIC TESTING INCENTIVE PROGRAM**– MEMBERS MUST USE A FREE-STANDING IN-NETWORK LAB, SUCH AS QUEST FOR DIAGNOSTIC TESTS ORDERED BY THEIR PHYSICIAN TO HAVE THE EXPENSE PAID IN FULL BY THE PLAN. IF A MEMBER USES A HOSPITAL BASED LABORATORY OR THEIR CLAIMS FOR LAB SERVICES ARE BILLED BY A HOSPITAL, THE EXPENSES ARE SUBJECT TO DEDUCTIBLE AND CO-INSURANCE.

*** **MEANS TEST ELIGIBLE RETIREE** – GENERALLY, THE COMBINED HOUSEHOLD ADJUSTED GROSS INCOME, AS REPORTED TO THE INTERNAL REVENUE SERVICE IN THE IMMEDIATELY PRECEDING TAX YEAR, MUST BE AT OR BELOW 200% OF FEDERAL POVERTY GUIDELINES FOR YOUR FAMILY SIZE THAT YEAR. THIS DOES NOT APPLY TO ALL INDIVIDUALS; FOR EXAMPLE, FORMER CITY OF CHICAGO EMPLOYEES WHO RETIRE AND/OR BEGIN RECEIVING AN ANNUITY ON OR AFTER JULY 1, 2005, BASED ON LESS THAN 10 YEARS OF SERVICE CREDITS, ARE NOT ELIGIBLE FOR THE MEANS TEST.

**** **NON-FORMULARY BRAND NAME DRUG** – A NON-FORMULARY BRAND NAME DRUG IS A BRAND NAME DRUG THAT IS NOT ON THE PREFERRED LIST OF FORMULARY DRUGS.

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PLAN AHEAD FOR IMPORTANT 2014

RETIREMENT HEALTHCARE BENEFITS

In May 2013 you received a letter informing you that, in light of the evolving landscape of national healthcare and challenges faced by Chicago taxpayers, changes to the City of Chicago's retiree healthcare benefits would be implemented starting in 2014. The relevant information provided in that letter is summarized here so that you have it as you review the details of your healthcare coverage for the 2014 plan year, which are summarized in the documents provided in this mailing.

As a reminder, the City of Chicago extended retiree coverage and benefits through December 2013 in an effort to maintain current coverage for a full plan year and allow you time to plan and prepare for 2014.

Importantly, for City retirees who retired prior to August 23, 1989, in 2014 and beyond, the City will substantially subsidize your health benefits. In short, the City will provide a healthcare plan with a contribution from the City of up to 55% of the cost of that plan for your lifetime.

For City retirees who retired on or after August 23, 1989, in 2014 the City will provide a subsidy towards the cost of your health benefits if you have at least 10 years of City service, but there will be some changes to that subsidy. It is important to note that the 2014 healthcare plan will include*:

- ✓ **Blue Cross Blue Shield PPO network and prescription coverage.**
- ✓ **No increase in the co-pays, deductibles or out-of-pocket cost other than the same small percentage increases that occurred annually in the prior plan.**
- ✓ **90% coverage for PPO hospital expenses and doctor visits, after deductible.**
- ✓ **Generous Medicare supplemental coverage for Medicare recipients, including prescription drugs.**
- ✓ **The additional City premium subsidy available to low-income retirees is improved to include retirees at or below 250% of the federal poverty level; the subsidy in the prior plan was capped at 200%.**

With the changes taking place in the national healthcare market, we will assist retirees in obtaining the information needed to navigate the options available for their healthcare needs going forward, both for Medicare and non-Medicare eligible retirees. Other options for coverage for 2014 and beyond:

- Retirees not eligible for Medicare will have a broad range of healthcare plan options available to them as the Illinois health insurance exchange goes into effect in 2014.
- Retirees who are eligible for Medicare will receive Medicare coverage, and supplemental Medicare plans are available from many insurance companies – as there are today.

Please note – **A recently enacted state law provides for a pension fund subsidy of $95 per month for non-Medicare eligible retirees and $65 per month for retirees eligible for Medicare through 2016, saving you thousands of dollars in healthcare costs in the coming years.**

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To learn more about the Illinois health insurance exchange plans, call 1-866-311-1119
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To download the Retiree Healthcare Benefits Commission ("RHBC") report, visit
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CITY OF CHICAGO

Group D
Retiree Non Medicare
Post 7/1/05
Retirement

DEPARTMENT OF FINANCE
CITY OF CHICAGO

October 2013

Dear City of Chicago Plan Participant who is retired, and is not yet Medicare eligible:

This letter and the enclosed documents contain important information about your health care benefits and the premium rates that will be effective on January 1, 2014, including the following:

1) A new premium rate chart.
2) The 2014 Benefits Summary for non-Medicare eligible covered participants.
3) The Notice of Creditable Coverage for prescription drug coverage.
4) Information on the Means Test--a way for certain low income plan members to save money for premiums and/or for prescription drug co-payments.
5) An important reminder about Medicare enrollment.

Rate Changes: Your premium rates for 2014 are enclosed. These rates are based on the projected cost of the Plan minus the City of Chicago's contribution and the anticipated Pension Fund subsidy.

Plan Changes: The name of the new plan for non Medicare eligible Plan Participants is the *City of Chicago Non-Medicare Eligible Retiree Healthcare Plan*. An updated Benefits Summary for 2014 is enclosed. Just as occurred in past years, your co-pays for mail order drugs will increase by 5% and the deductibles and out-of-pocket expense limits will increase by 3%. Remember, the Plan also now requires that you use the mail order pharmacy for maintenance prescriptions.

Creditable Coverage Notice: This notice verifies that you have creditable drug coverage under the Plan. This means that the coverage provided under the Plan is at least as good as the coverage under a Medicare Part D plan. This is for those who will become Medicare eligible in 2013 or 2014. Please keep this notice in your permanent records.

Means Test: Certain low income Plan participants may be eligible to have their co-pays for mail order drugs and/or their premiums reduced. To be eligible for these benefits, your combined household adjusted gross income, as reported to the Internal Revenue Service in the immediately preceding tax year, must be at or below 250% of the federal poverty guidelines for your family size for that year. This does not apply to all individuals; for example, former City employees who retired and/or began receiving an annuity on or after July 1, 2005 based on less than 10 years of City service, are not eligible for the Means Test. As part of the application process you must provide a release that allows the City to receive a copy of your most recently filed tax return.

(See Reverse Side)

If your annual annuity amount is less than 250% of the federal poverty level for 2013, a Means Test application will be sent to you under separate cover. (250% of the federal poverty level for a single person for 2013 is $28,725; for a couple it is $38,775.) If your annuity is more than that but you believe that your adjusted gross income may qualify you for the benefit based on your family size, you may call the benefits service center at 1-877-299-5111, or you may find the application at cityofchicago.org/benefits/supporting documentation.

Important Reminder About Medicare Enrollment: If you are approaching Medicare age, you need to apply for Medicare and provide the benefits management office and your pension fund with a copy of the Medicare card. If you are not eligible for free Part A based on your work record or your spouse's or former spouse's work record, you must provide the benefits management office with the letter from Social Security advising us of this. Failure to provide us the proper documentation does not mean that you will remain in the plan for non-Medicare eligible retirees. You will be placed in the Medicare supplement plan and you will face financial consequences for not taking the necessary steps to secure Medicare enrollment. This also applies to your spouse, if your spouse is approaching Medicare age.

Please call the benefits service center at 1-877-299-5111 if you have any questions about this letter.

Sincerely,
Nancy Currier
Benefits Manager

CITY OF CHICAGO
MONTHLY RATES FOR RETIREE HEALTHCARE PLANS
EFFECTIVE DATE - JANUARY 1, 2014

THE FOLLOWING RATES ARE APPLICABLE FOR EMPLOYEES WHO BECAME RETIREES AFTER JULY 1, 2005

		FOR RETIREES WITH YEARS OF SERVICE OF:			
CATEGORY	PLAN	20 YEARS	15-19 YEARS	10-14 YEARS	LESS THAN 10 YEARS
RETIREE					
	MEDICARE	$123.00	$134.00	$145.00	$233.00
	NON-MEDICARE	$530.00	$561.00	$592.00	$840.00
RETIREE AND SPOUSE					
	MEDICARE/MEDICARE	$303.00	$324.00	$346.00	$517.00
	MEDICARE / NON-MEDICARE	$740.00	$781.00	$823.00	$1,154.00
	NON-MEDICARE / MEDICARE	$710.00	$751.00	$793.00	$1,124.00
	NON-MEDICARE / NON-MEDICARE	$1,133.00	$1,193.00	$1,254.00	$1,739.00
RETIREE AND CHILD(REN)					
	MEDICARE / CHILD(REN)	$321.00	$341.00	$360.00	$517.00
	NON-MEDICARE / CHILD(REN)	$714.00	$753.00	$791.00	$1,101.00
RETIREE, SPOUSE AND CHILD(REN)					
	MED/MED/CHILD(REN)	$501.00	$531.00	$561.00	$801.00
	MED/NON/CHILD(REN)	$923.00	$973.00	$1,022.00	$1,416.00
	NON/MED/CHILD(REN)	$893.00	$943.00	$992.00	$1,386.00
	NON/NON/CHILD(REN)	$1,316.00	$1,385.00	$1,453.00	$2,000.00
CHILD(REN)					
	CHILD(REN)	$112.00	$121.00	$130.00	$203.00

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PLAN AHEAD FOR IMPORTANT 2014

RETIREMENT HEALTHCARE BENEFITS

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CITY OF CHICAGO

Notice of Prescription Drug Creditable Coverage
City of Chicago Retiree Healthcare Plan

The City of Chicago has determined that Retiree Healthcare Plan prescription drug benefits are, on average, "creditable coverage," which means the City's coverage is expected to pay as much (or more in some cases) as standard Medicare Prescription Drug Coverage.

Because the City's prescription drug benefits are creditable coverage, you can choose to stay covered under the City's Plan and join a Medicare plan later and not be subject to the higher Medicare premium penalty.

Keep this Notice. If you enroll for Medicare Prescription Drug Coverage, you may need a copy of this Notice when you enroll. This Notice verifies that you have creditable coverage and that you are not required to pay the higher premium penalty.

Your Choices and the Consequences

You should compare your current coverage with the coverage and cost of the Medicare plans in your area. Regardless of whether or not you or a dependent enroll for Medicare Prescription Drug Coverage, you will continue to receive your current prescription drug benefits under the City's Plan (as long as you or your dependent are otherwise eligible to continue the City's coverage). Remember that the City's Plan also covers medical benefits, in addition to prescription drug benefits. **The premium you pay for coverage under the City's Plan will not be affected by whether or not you enroll in Medicare Prescription Drug Coverage.**

However, if you or a dependent are eligible and enroll for Medicare Prescription Drug Coverage, your or your dependent's prescription drug benefits under the City's Plan will be secondary to, and will be coordinated with, your Medicare Prescription Drug Coverage. Also, remember that for most people there is a monthly premium for Medicare Prescription Drug Coverage.

Important Note: If you or a dependent are eligible for Medicare, drop or lose your coverage with the City, and do not enroll for Medicare Prescription Drug Coverage after your current coverage ends, you may pay more for Medicare Prescription Drug Coverage later. If you go 63 days or longer without prescription drug coverage that is at least as good as Medicare Prescription Drug Coverage, your monthly premium for Medicare Prescription Drug Coverage will increase. The increase will be 1% per month for every month that you were eligible for but did not have coverage. For example, if you go 19 months without coverage, your monthly premium will always be 19% higher than what most other people pay. You will have to pay the higher premium penalty as long as you have Medicare Prescription Drug Coverage. In addition, you may have to wait until the next open enrollment period (October 15 through December 7 each year) to enroll.

Eligible individuals who are entitled to Medicare Part A or enrolled in Part B can enroll for Medicare Prescription Drug Coverage when they are first eligible or during the annual Medicare enrollment period (between October 15 through December 7 each year). Medicare eligible individuals who lose or drop creditable prescription drug benefits may be eligible for a two month Special Enrollment Period to sign up for Medicare Prescription Drug Coverage. Detailed information about Special Enrollment Periods is included in the *Medicare & You* handbook sent to Medicare eligible individuals each fall.

(TURN THIS PAGE OVER FOR MORE INFORMATION)

For More Information About Medicare Prescription Drug Coverage

More information about Medicare Prescription Drug Coverage is available in the "Medicare & You" handbook that Medicare publishes and sends to Medicare beneficiaries each fall. You may also be contacted directly from Medicare prescription drug plans.

To get more information, you can:

- Visit www.medicare.gov for personalized help.
- Call your State Health Insurance Assistance Program (the telephone number is in the "Medicare & You" handbook).
- Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

For people with limited income and assets, extra help paying for a Medicare Prescription Drug Coverage is available. Additional information is available from the Social Security Administration by:

- Visiting www.socialsecurity.gov/prescriptionhelp.
- Calling 1-800-772-1213 (TTY users should call 1-800-325-0778).

For More Information About this Notice or the City's Prescription Drug Benefits

If you have any questions about this Notice or would like more information about your prescription drug benefits under the City's Plan, please call the Benefits Management Office.

You may receive this Notice at other times in the future, such as before the next period you can enroll in Medicare Prescription Drug Coverage or if the City's coverage changes. You also may request a copy at any time from the Benefits Management Office.

Date of Notice:	September 2013
Entity/Sender:	The City of Chicago
Contact:	Benefits Management Office
Address:	333 South State Street, Room 400, Chicago, Illinois 60604-3978
Telephone Number:	1-877-299-5111
Web Site:	www.cityofchicago.org/benefits

MEDICARE PART D ENROLLMENT

Medicare provides the City of Chicago enrollment information on Medicare Part D participants who also have City of Chicago coverage. If you or a covered dependent enroll in a Part D plan, or are defaulted into a Part D plan because of eligibility for a State or Federal program, and you want to disenroll, you must call Medicare. They will provide you with the necessary information to disenroll. You must then notify the Benefits Management Office so we can update our records.

Benefits under the City of Chicago Retiree Healthcare Plan may be modified, reduced, or terminated as specified in the legal documents that establish the Plan. The City expressly reserves all rights to make amendments or terminate the Plan as allowed by the legal documents that establish the Plan.

BENEFITS SUMMARY†
Effective January 1, 2014

†The plan document defines and controls the terms of the benefits provided.

Non-Medicare Eligible Retiree Healthcare Plan

The Non-Medicare Eligible Retiree Healthcare Plan pays the percentages listed below after you meet the annual deductibles. The maximum amount that the Plan will pay is based on the Plan's PPO maximum allowance.* Services must be medically necessary.

Medical Benefits	PPO Providers Out-of-Area Retirees	Non-PPO Providers
Lifetime Maximum	$1.5 million per covered person for medical and prescription drugs [1]	
Deductible		
Individual	$403	$941
Family	$1,209	$2,823
Out-of-Pocket Expense Limit		
Individual	$2,353	$4,703
Family	$4,706	$9,406
	PPO and non-PPO cannot be combined	
Coinsurance	**Plan Pays:**	**Plan Pays:**
Emergency Room Services	90%	
MRI Scans, PET Scans, CAT Scans [2]	80%	
Occupational and Speech Therapy [2]	80%	
Prosthetic Devices and Durable Medical Equipment (DME) [2]	80%	
Ambulance Transportation [2]	80%	
Skilled Nursing Facility [2]	80%	
Skilled Home Health Care [2]	80%	
Hospice Care [2]	80%	
Outpatient Mental Health and Substance Abuse Treatment [2]	80%	
Diagnostic Testing Incentive Program**		
Diagnostic Lab Tests performed by an independent PPO lab (i.e. Quest) paid in full by Plan if all requirements are met.		
Other Covered Services, for example: • Hospital Inpatient [2] • Hospital Outpatient • Doctor (Office) Visits • Chiropractic Visits Note: Routine Screening Exams/Physicals are not covered	90%	70%

[1] The lifetime maximum includes expenses paid under both the Non-Medicare and Medicare plans combined.

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Rev. 10/2013

(See Reverse Side)

Prescription Drug Benefits	Coverage
Caremark Retail Pharmacy – up to a 30 day supply or 100 unit dose (whichever is less)	After you've met the separate $100 annual prescription drug deductible (does not apply to Means Test Eligible Retirees),*** for each prescription, you pay: • 20% of the contracted cost for generic drugs • 20% of the contracted cost for formulary brand name drugs***** when no generic is available • 20% of the contracted cost plus $15 for non-formulary brand name drugs**** when no generic is available
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Specialty Medications	If you do not try the preferred medication for the therapeutic class, you will pay the full cost of the medication. If you try the preferred specialty medication and it is not effective in treating your condition, you will be able to receive a non-preferred formulary drug.
Mandatory Mail Order	Requiring the use of mail order will reduce costs for the City and Retirees. After 2 fills of your generic or formulary brand medication at a retail pharmacy, you will be required to use mail order for any additional fills through CVS-Caremark in Mount Prospect, IL. If you do not use the mail order program for your 3rd or any subsequent fills, you will pay the full cost of the prescription. If your medication is non-formulary, however, you must continue to use the retail pharmacy.
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EXHIBIT 6 B

GROUP E
Non Medicare
Retired
Post 8/23/89
Pre 7/1/05

DEPARTMENT OF FINANCE
CITY OF CHICAGO

October 2013

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(See Reverse Side)

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Important Reminder About Medicare Enrollment: If you are approaching Medicare age, you need to apply for Medicare and provide the benefits management office and your pension fund with a copy of the Medicare card. If you are not eligible for free Part A based on your work record or your spouse's or former spouse's work record, you must provide the benefits management office with the letter from Social Security advising us of this. Failure to provide us the proper documentation does not mean that you will remain in the plan for non-Medicare eligible retirees. You will be placed in the Medicare supplement plan and you will face financial consequences for not taking the necessary steps to secure Medicare enrollment. This also applies to your spouse, if your spouse is approaching Medicare age.

Please call the benefits service center at 1-877-299-5111 if you have any questions about this letter.

Sincerely,
Nancy Currier
Benefits Manager

CITY OF CHICAGO
MONTHLY RATES FOR RETIREE HEALTHCARE PLANS
EFFECTIVE DATE - JANUARY 1, 2014

THE FOLLOWING RATES ARE APPLICABLE FOR EMPLOYEES WHO BECAME RETIREES ON OR AFTER AUGUST 23, 1989 AND BY JULY 1, 2005

CATEGORY	PLAN	MONTHLY CONTRIBUTION RATES
RETIREE		
	MEDICARE	$112
	NON-MEDICARE	$499
RETIREE AND SPOUSE		
	MEDICARE/MEDICARE	$281
	MEDICARE/NON-MEDICARE	$698
	NON-MEDICARE/MEDICARE	$668
	NON-MEDICARE/NON-MEDICARE	$1,072
RETIREE AND CHILD(REN)		
	MEDICARE/CHILD(REN)	$302
	NON-MEDICARE/CHILD(REN)	$675
RETIREE, SPOUSE AND CHILD(REN)		
	MED/MED/CHILD(REN)	$470
	MED/NON/CHILD(REN)	$874
	NON/MED/CHILD(REN)	$844
	NON/NON/CHILD(REN)	$1,248
CHILD(REN)		
	CHILD(REN)	$103

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#2

PLAN AHEAD FOR IMPORTANT 2014

RETIREMENT HEALTHCARE BENEFITS

In May 2013 you received a letter informing you that, in light of the evolving landscape of national healthcare and challenges faced by Chicago taxpayers, changes to the City of Chicago's retiree healthcare benefits would be implemented starting in 2014. The relevant information provided in that letter is summarized here so that you have it as you review the details of your healthcare coverage for the 2014 plan year, which are summarized in the documents provided in this mailing.

As a reminder, the City of Chicago extended retiree coverage and benefits through December 2013 in an effort to maintain current coverage for a full plan year and allow you time to plan and prepare for 2014.

Importantly, for City retirees who retired prior to August 23, 1989, in 2014 and beyond, the City will substantially subsidize your health benefits. In short, the City will provide a healthcare plan with a contribution from the City of up to 55% of the cost of that plan for your lifetime.

For City retirees who retired on or after August 23, 1989, in 2014 the City will provide a subsidy towards the cost of your health benefits if you have at least 10 years of City service, but there will be some changes to that subsidy. It is important to note that the 2014 healthcare plan will include*:

- ✓ **Blue Cross Blue Shield PPO network and prescription coverage.**
- ✓ **No increase in the co-pays, deductibles or out-of-pocket cost other than the same small percentage increases that occurred annually in the prior plan.**
- ✓ **90% coverage for PPO hospital expenses and doctor visits, after deductible.**
- ✓ **Generous Medicare supplemental coverage for Medicare recipients, including prescription drugs.**
- ✓ **The additional City premium subsidy available to low-income retirees is improved to include retirees at or below 250% of the federal poverty level; the subsidy in the prior plan was capped at 200%.**

With the changes taking place in the national healthcare market, we will assist retirees in obtaining the information needed to navigate the options available for their healthcare needs going forward, both for Medicare and non-Medicare eligible retirees. Other options for coverage for 2014 and beyond:

- Retirees not eligible for Medicare will have a broad range of healthcare plan options available to them as the Illinois health insurance exchange goes into effect in 2014.
- Retirees who are eligible for Medicare will receive Medicare coverage, and supplemental Medicare plans are available from many insurance companies – as there are today.

Please note – **A recently enacted state law provides for a pension fund subsidy of $95 per month for non-Medicare eligible retirees and $65 per month for retirees eligible for Medicare through 2016, saving you thousands of dollars in healthcare costs in the coming years.**

*The Plan Document defines and controls the terms of the benefits provided.

The City will continue to provide you relevant updates on these matters going forward.

For information about plan changes, call 1-877-299-5111
or visit **www.cityofchicago.org**

To learn more about the Illinois health insurance exchange plans, call 1-866-311-1119
or visit **www.GetCoveredIllinois.gov**

To download the Retiree Healthcare Benefits Commission ("RHBC") report, visit
www.cityofchicago.org/city/en/depts/fin/provdrs/ben.html

CITY OF CHICAGO

BENEFITS SUMMARY†
Effective January 1, 2014

†The plan document defines and controls the terms of the benefits provided.

Non-Medicare Eligible Retiree Healthcare Plan

The Non-Medicare Eligible Retiree Healthcare Plan pays the percentages listed below after you meet the annual deductibles. The maximum amount that the Plan will pay is based on the Plan's PPO maximum allowance.* Services must be medically necessary.

Medical Benefits	PPO Providers Out-of-Area Retirees	Non-PPO Providers
Lifetime Maximum	$1.5 million per covered person for medical and prescription drugs [1]	
Deductible		
Individual	$403	$941
Family	$1,209	$2,823
Out-of-Pocket Expense Limit		
Individual	$2,353	$4,703
Family	$4,706	$9,406
	PPO and non-PPO cannot be combined	
Coinsurance	**Plan Pays:**	**Plan Pays:**
Emergency Room Services	90%	
MRI Scans, PET Scans, CAT Scans [2]	80%	
Occupational and Speech Therapy [2]		
Prosthetic Devices and Durable Medical Equipment (DME) [2]		
Ambulance Transportation [2]		
Skilled Nursing Facility [2]		
Skilled Home Health Care [2]		
Hospice Care [2]		
Outpatient Mental Health and Substance Abuse Treatment [2]		
Diagnostic Testing Incentive Program**		
Diagnostic Lab Tests performed by an independent PPO lab (i.e. Quest) paid in full by Plan if all requirements are met.		
Other Covered Services, for example: • Hospital Inpatient [2] • Hospital Outpatient • Doctor (Office) Visits • Chiropractic Visits Note: Routine Screening Exams/Physicals are not covered	90%	70%

[1] The lifetime maximum includes expenses paid under both the Non-Medicare and Medicare plans combined.

[2] These services require pre-certification through Telligen, call 1-800-373-3727, pursuant to Plan guidelines.

BMO
YELLOW
Rev. 10/2013

(See Reverse Side)

Prescription Drug Benefits	Coverage
Caremark Retail Pharmacy – up to a 30 day supply or 100 unit dose (whichever is less)	After you've met the separate $100 annual prescription drug deductible (does not apply to Means Test Eligible Retirees),*** for each prescription, you pay: • 20% of the contracted cost for generic drugs • 20% of the contracted cost for formulary brand name drugs***** when no generic is available • 20% of the contracted cost plus $15 for non-formulary brand name drugs**** when no generic is available
Mail Order Program - Up to a 90 day supply	For each prescription, you pay: • $25 for 2014 ($7 for Means Test Eligible Retirees) for generic drugs • $65 for 2014 ($20 for Means Test Eligible Retirees) for formulary brand name drugs when no generic is available **Note: non-formulary brand name medications are not available through the mail order program.**
Restrictions: Why choose a generic?	If a brand name drug is dispensed when a generic alternative is available, you pay the difference in cost between the generic and the brand name as well as the generic copayment. The Plan will not pay more than it would pay for the generic medication, if you buy a brand name drug when a generic alternative is available.
Generic Step Therapy Program for generics available in the therapeutic class	If you elect to purchase a brand medication without trying an appropriate generic medication in the same therapeutic class, you will pay the full cost of the medication. **If you try the generic medication and your physician finds that the generic medication is not effective in treating your condition, you will be able to receive the brand medication at the copayment applicable to non-formulary or formulary.**
Specialty Medications	If you do not try the preferred medication for the therapeutic class, you will pay the full cost of the medication. If you try the preferred specialty medication and it is not effective in treating your condition, you will be able to receive a non-preferred formulary drug.
Mandatory Mail Order	Requiring the use of mail order will reduce costs for the City and Retirees. After 2 fills of your generic or formulary brand medication at a retail pharmacy, you will be required to use mail order for any additional fills through CVS-Caremark in Mount Prospect, IL. If you do not use the mail order program for your 3rd or any subsequent fills, you will pay the full cost of the prescription. If your medication is non-formulary, however, you must continue to use the retail pharmacy.
Out-of-network pharmacy reimbursement	If you do not go to a network retail pharmacy, you pay the full amount when you pick up your prescription. You must then submit a receipt for reimbursement. The Plan will pay 60% of the Plan's cost, after you've met the deductible (if applicable). There is no formulary list if you go to an out-of-network pharmacy.

* **PPO MAXIMUM ALLOWANCE** – THE AMOUNT THAT PROVIDERS WHO HAVE CONTRACTED WITH THE CLAIMS ADMINISTRATOR HAVE AGREED TO ACCEPT AS REIMBURSEMENT. THE MAXIMUM AMOUNT THAT WILL BE CONSIDERED BY THE PLAN AS COVERED FOR SERVICES IS THE LOWEST OF THE PROVIDERS ACTUAL CHARGE, THE PPO CONTRACTED RATE OR THE USUAL AND CUSTOMARY CHARGE.

** **DIAGNOSTIC TESTING INCENTIVE PROGRAM**– MEMBERS MUST USE A FREE-STANDING IN-NETWORK LAB, SUCH AS QUEST FOR DIAGNOSTIC TESTS ORDERED BY THEIR PHYSICIAN TO HAVE THE EXPENSE PAID IN FULL BY THE PLAN. IF A MEMBER USES A HOSPITAL BASED LABORATORY OR THEIR CLAIMS FOR LAB SERVICES ARE BILLED BY A HOSPITAL, THE EXPENSES ARE SUBJECT TO DEDUCTIBLE AND CO-INSURANCE.

*** **MEANS TEST ELIGIBLE RETIREE** – GENERALLY, THE COMBINED HOUSEHOLD ADJUSTED GROSS INCOME, AS REPORTED TO THE INTERNAL REVENUE SERVICE IN THE IMMEDIATELY PRECEDING TAX YEAR, MUST BE AT OR BELOW 200% OF FEDERAL POVERTY GUIDELINES FOR YOUR FAMILY SIZE THAT YEAR. THIS DOES NOT APPLY TO ALL INDIVIDUALS; FOR EXAMPLE, FORMER CITY OF CHICAGO EMPLOYEES WHO RETIRE AND/OR BEGIN RECEIVING AN ANNUITY ON OR AFTER JULY 1, 2005, BASED ON LESS THAN 10 YEARS OF SERVICE CREDITS, ARE NOT ELIGIBLE FOR THE MEANS TEST.

**** **NON-FORMULARY BRAND NAME DRUG** – A NON-FORMULARY BRAND NAME DRUG IS A BRAND NAME DRUG THAT IS NOT ON THE PREFERRED LIST OF FORMULARY DRUGS.

***** **FORMULARY BRAND NAME DRUGS** – A FORMULARY DRUG IS A BRAND NAME DRUG THAT HAS BEEN DESIGNATED AS A PREFERRED DRUG BY CVS CAREMARK. THE PREFERRED DRUG (FORMULARY) LIST MAY CHANGE PERIODICALLY AT THE DISCRETION OF THE PHARMACY BENEFITS MANAGER.

Notice of Prescription Drug Creditable Coverage
City of Chicago Retiree Healthcare Plan

The City of Chicago has determined that Retiree Healthcare Plan prescription drug benefits are, on average, "creditable coverage," which means the City's coverage is expected to pay as much (or more in some cases) as standard Medicare Prescription Drug Coverage.

Because the City's prescription drug benefits are creditable coverage, you can choose to stay covered under the City's Plan and join a Medicare plan later and not be subject to the higher Medicare premium penalty.

Keep this Notice. If you enroll for Medicare Prescription Drug Coverage, you may need a copy of this Notice when you enroll. This Notice verifies that you have creditable coverage and that you are not required to pay the higher premium penalty.

Your Choices and the Consequences

You should compare your current coverage with the coverage and cost of the Medicare plans in your area. Regardless of whether or not you or a dependent enroll for Medicare Prescription Drug Coverage, you will continue to receive your current prescription drug benefits under the City's Plan (as long as you or your dependent are otherwise eligible to continue the City's coverage). Remember that the City's Plan also covers medical benefits, in addition to prescription drug benefits. **The premium you pay for coverage under the City's Plan will not be affected by whether or not you enroll in Medicare Prescription Drug Coverage.**

However, if you or a dependent are eligible and enroll for Medicare Prescription Drug Coverage, your or your dependent's prescription drug benefits under the City's Plan will be secondary to, and will be coordinated with, your Medicare Prescription Drug Coverage. Also, remember that for most people there is a monthly premium for Medicare Prescription Drug Coverage.

Important Note: If you or a dependent are eligible for Medicare, drop or lose your coverage with the City, and do not enroll for Medicare Prescription Drug Coverage after your current coverage ends, you may pay more for Medicare Prescription Drug Coverage later. If you go 63 days or longer without prescription drug coverage that is at least as good as Medicare Prescription Drug Coverage, your monthly premium for Medicare Prescription Drug Coverage will increase. The increase will be 1% per month for every month that you were eligible for but did not have coverage. For example, if you go 19 months without coverage, your monthly premium will always be 19% higher than what most other people pay. You will have to pay the higher premium penalty as long as you have Medicare Prescription Drug Coverage. In addition, you may have to wait until the next open enrollment period (October 15 through December 7 each year) to enroll.

Eligible individuals who are entitled to Medicare Part A or enrolled in Part B can enroll for Medicare Prescription Drug Coverage when they are first eligible or during the annual Medicare enrollment period (between October 15 through December 7 each year). Medicare eligible individuals who lose or drop creditable prescription drug benefits may be eligible for a two month Special Enrollment Period to sign up for Medicare Prescription Drug Coverage. Detailed information about Special Enrollment Periods is included in the *Medicare & You* handbook sent to Medicare eligible individuals each fall.

(TURN THIS PAGE OVER FOR MORE INFORMATION)

For More Information About Medicare Prescription Drug Coverage

More information about Medicare Prescription Drug Coverage is available in the "Medicare & You" handbook that Medicare publishes and sends to Medicare beneficiaries each fall. You may also be contacted directly from Medicare prescription drug plans.

To get more information, you can:

- Visit www.medicare.gov for personalized help.
- Call your State Health Insurance Assistance Program (the telephone number is in the "Medicare & You" handbook).
- Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

For people with limited income and assets, extra help paying for a Medicare Prescription Drug Coverage is available. Additional information is available from the Social Security Administration by:

- Visiting www.socialsecurity.gov/prescriptionhelp.
- Calling 1-800-772-1213 (TTY users should call 1-800-325-0778).

For More Information About this Notice or the City's Prescription Drug Benefits

If you have any questions about this Notice or would like more information about your prescription drug benefits under the City's Plan, please call the Benefits Management Office.

You may receive this Notice at other times in the future, such as before the next period you can enroll in Medicare Prescription Drug Coverage or if the City's coverage changes. You also may request a copy at any time from the Benefits Management Office.

Date of Notice:	September 2013
Entity/Sender:	The City of Chicago
Contact:	Benefits Management Office
Address:	333 South State Street, Room 400, Chicago, Illinois 60604-3978
Telephone Number:	1-877-299-5111
Web Site:	www.cityofchicago.org/benefits

MEDICARE PART D ENROLLMENT

Medicare provides the City of Chicago enrollment information on Medicare Part D participants who also have City of Chicago coverage. If you or a covered dependent enroll in a Part D plan, or are defaulted into a Part D plan because of eligibility for a State or Federal program, and you want to disenroll, you must call Medicare. They will provide you with the necessary information to disenroll. You must then notify the Benefits Management Office so we can update our records.

Benefits under the City of Chicago Retiree Healthcare Plan may be modified, reduced, or terminated as specified in the legal documents that establish the Plan. The City expressly reserves all rights to make amendments or terminate the Plan as allowed by the legal documents that establish the Plan.

GROUP F
Non Medicare
Retired
Pre 8/23/89

DEPARTMENT OF FINANCE
CITY OF CHICAGO

October 2013

Dear City of Chicago Plan Participant who is retired, and is not yet Medicare eligible:

This letter and the enclosed documents contain important information about your health care benefits and the premium rates that will be effective on January 1, 2014, including the following:

1) A new premium rate chart.

2) The 2014 Benefits Summary for non-Medicare eligible covered participants.

3) The Notice of Creditable Coverage for prescription drug coverage.

4) Information on the Means Test--a way for certain low income plan members to save money for premiums and/or for prescription drug co-payments.

5) An important reminder about Medicare enrollment.

Rate Changes: Your premium rates for 2014 are enclosed. These rates are based on the projected cost of the Plan minus the City of Chicago's contribution and the anticipated Pension Fund subsidy.

Plan Changes: The name of the new plan for non Medicare eligible Plan Participants is the *City of Chicago Non-Medicare Eligible Retiree Healthcare Plan.* An updated Benefits Summary for 2014 is enclosed. Just as occurred in past years, your co-pays for mail order drugs will increase by 5% and the deductibles and out-of-pocket expense limits will increase by 3%. Remember, the Plan also now requires that you use the mail order pharmacy for maintenance prescriptions.

Creditable Coverage Notice: This notice verifies that you have creditable drug coverage under the Plan. This means that the coverage provided under the Plan is at least as good as the coverage under a Medicare Part D plan. This is for those who will become Medicare eligible in 2013 or 2014. Please keep this notice in your permanent records.

Means Test: Certain low income Plan participants may be eligible to have their co-pays for mail order drugs and/or their premiums reduced. To be eligible for these benefits, your combined household adjusted gross income, as reported to the Internal Revenue Service in the immediately preceding tax year, must be at or below 250% of the federal poverty guidelines for your family size for that year. This does not apply to all individuals; for example, former City employees who retired and/or began receiving an annuity on or after July 1, 2005 based on less than 10 years of City service, are not eligible for the Means Test. As part of the application process you must provide a release that allows the City to receive a copy of your most recently filed tax return.

(See Reverse Side)

If your annual annuity amount is less than 250% of the federal poverty level for 2013, a Means Test application will be sent to you under separate cover. (250% of the federal poverty level for a single person for 2013 is $28,725; for a couple it is $38,775.) If your annuity is more than that but you believe that your adjusted gross income may qualify you for the benefit based on your family size, you may call the benefits service center at 1-877-299-5111, or you may find the application at cityofchicago.org/benefits/supporting documentation.

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Please call the benefits service center at 1-877-299-5111 if you have any questions about this letter.

Sincerely,
Nancy Currier
Benefits Manager

CITY OF CHICAGO
MONTHLY RATES FOR RETIREE HEALTHCARE PLANS
EFFECTIVE DATE - JANUARY 1, 2014

THE FOLLOWING RATES ARE APPLICABLE FOR EMPLOYEES WHO BECAME RETIREES BEFORE AUGUST 23, 1989

CATEGORY	PLAN	MONTHLY CONTRIBUTION RATES
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	MEDICARE	$69
	NON-MEDICARE	$69
RETIREE AND SPOUSE		
	MEDICARE/MEDICARE	$197
	MEDICARE/NON-MEDICARE	$197
	NON-MEDICARE/MEDICARE	$197
	NON-MEDICARE/NON-MEDICARE	$197
RETIREE AND CHILD(REN)		
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	NON-MEDICARE/CHILD(REN)	$197
RETIREE, SPOUSE AND CHILD(REN)		
	MED/MED/CHILD(REN)	$325
	MED/NON/CHILD(REN)	$325
	NON/MED/CHILD(REN)	$325
	NON/NON/CHILD(REN)	$325

BMO 09/05/13
BA/082389

#3

PLAN AHEAD FOR IMPORTANT 2014

RETIREMENT HEALTHCARE BENEFITS

In May 2013 you received a letter informing you that, in light of the evolving landscape of national healthcare and challenges faced by Chicago taxpayers, changes to the City of Chicago's retiree healthcare benefits would be implemented starting in 2014. The relevant information provided in that letter is summarized here so that you have it as you review the details of your healthcare coverage for the 2014 plan year, which are summarized in the documents provided in this mailing.

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CITY OF CHICAGO

Notice of Prescription Drug Creditable Coverage
City of Chicago Retiree Healthcare Plan

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Date of Notice:	September 2013
Entity/Sender:	The City of Chicago
Contact:	Benefits Management Office
Address:	333 South State Street, Room 400, Chicago, Illinois 60604-3978
Telephone Number:	1-877-299-5111
Web Site:	www.cityofchicago.org/benefits

MEDICARE PART D ENROLLMENT

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BENEFITS SUMMARY†
Effective January 1, 2014

†The plan document defines and controls the terms of the benefits provided.

Non-Medicare Eligible Retiree Healthcare Plan

The Non-Medicare Eligible Retiree Healthcare Plan pays the percentages listed below after you meet the annual deductibles. The maximum amount that the Plan will pay is based on the Plan's PPO maximum allowance.* Services must be medically necessary.

Medical Benefits	PPO Providers Out-of-Area Retirees	Non-PPO Providers
Lifetime Maximum	$1.5 million per covered person for medical and prescription drugs [1]	
Deductible		
Individual	$403	$941
Family	$1,209	$2,823
Out-of-Pocket Expense Limit		
Individual	$2,353	$4,703
Family	$4,706	$9,406
	PPO and non-PPO cannot be combined	
Coinsurance	**Plan Pays:**	**Plan Pays:**
Emergency Room Services	90%	
MRI Scans, PET Scans, CAT Scans [2]	80%	
Occupational and Speech Therapy [2]		
Prosthetic Devices and Durable Medical Equipment (DME) [2]		
Ambulance Transportation [2]		
Skilled Nursing Facility [2]		
Skilled Home Health Care [2]		
Hospice Care [2]		
Outpatient Mental Health and Substance Abuse Treatment [2]		
Diagnostic Testing Incentive Program**		
Diagnostic Lab Tests performed by an independent PPO lab (i.e. Quest) paid in full by Plan if all requirements are met.		
Other Covered Services, for example: • Hospital Inpatient [2] • Hospital Outpatient • Doctor (Office) Visits • Chiropractic Visits Note: Routine Screening Exams/Physicals are not covered	90%	70%

[1] The lifetime maximum includes expenses paid under both the Non-Medicare and Medicare plans combined.

[2] These services require pre-certification through Telligen, call 1-800-373-3727, pursuant to Plan guidelines.

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YELLOW
Rev. 10/2013

(See Reverse Side)

Prescription Drug Benefits	Coverage
Caremark Retail Pharmacy – up to a 30 day supply or 100 unit dose (whichever is less)	After you've met the separate $100 annual prescription drug deductible (does not apply to Means Test Eligible Retirees),*** for each prescription, you pay: • 20% of the contracted cost for generic drugs • 20% of the contracted cost for formulary brand name drugs***** when no generic is available • 20% of the contracted cost plus $15 for non-formulary brand name drugs**** when no generic is available
Mail Order Program – Up to a 90 day supply	For each prescription, you pay: • $25 for 2014 ($7 for Means Test Eligible Retirees) for generic drugs • $65 for 2014 ($20 for Means Test Eligible Retirees) for formulary brand name drugs when no generic is available **Note: non-formulary brand name medications are not available through the mail order program.**
Restrictions: Why choose a generic?	If a brand name drug is dispensed when a generic alternative is available, you pay the difference in cost between the generic and the brand name as well as the generic copayment. The Plan will not pay more than it would pay for the generic medication, if you buy a brand name drug when a generic alternative is available.
Generic Step Therapy Program for generics available in the therapeutic class	If you elect to purchase a brand medication without trying an appropriate generic medication in the same therapeutic class, you will pay the full cost of the medication. **If you try the generic medication and your physician finds that the generic medication is not effective in treating your condition, you will be able to receive the brand medication at the copayment applicable to non-formulary or formulary.**
Specialty Medications	If you do not try the preferred medication for the therapeutic class, you will pay the full cost of the medication. If you try the preferred specialty medication and it is not effective in treating your condition, you will be able to receive a non-preferred formulary drug.
Mandatory Mail Order	Requiring the use of mail order will reduce costs for the City and Retirees. After 2 fills of your generic or formulary brand medication at a retail pharmacy, you will be required to use mail order for any additional fills through CVS-Caremark in Mount Prospect, IL. If you do not use the mail order program for your 3rd or any subsequent fills, you will pay the full cost of the prescription. If your medication is non-formulary, however, you must continue to use the retail pharmacy.
Out-of-network pharmacy reimbursement	If you do not go to a network retail pharmacy, you pay the full amount when you pick up your prescription. You must then submit a receipt for reimbursement. The Plan will pay 60% of the Plan's cost, after you've met the deductible (if applicable). There is no formulary list if you go to an out-of-network pharmacy.

* **PPO MAXIMUM ALLOWANCE** – THE AMOUNT THAT PROVIDERS WHO HAVE CONTRACTED WITH THE CLAIMS ADMINISTRATOR HAVE AGREED TO ACCEPT AS REIMBURSEMENT. THE MAXIMUM AMOUNT THAT WILL BE CONSIDERED BY THE PLAN AS COVERED FOR SERVICES IS THE LOWEST OF THE PROVIDERS ACTUAL CHARGE, THE PPO CONTRACTED RATE OR THE USUAL AND CUSTOMARY CHARGE.

** **DIAGNOSTIC TESTING INCENTIVE PROGRAM**– MEMBERS MUST USE A FREE-STANDING IN-NETWORK LAB, SUCH AS QUEST FOR DIAGNOSTIC TESTS ORDERED BY THEIR PHYSICIAN TO HAVE THE EXPENSE PAID IN FULL BY THE PLAN. IF A MEMBER USES A HOSPITAL BASED LABORATORY OR THEIR CLAIMS FOR LAB SERVICES ARE BILLED BY A HOSPITAL, THE EXPENSES ARE SUBJECT TO DEDUCTIBLE AND CO-INSURANCE.

*** **MEANS TEST ELIGIBLE RETIREE** – GENERALLY, THE COMBINED HOUSEHOLD ADJUSTED GROSS INCOME, AS REPORTED TO THE INTERNAL REVENUE SERVICE IN THE IMMEDIATELY PRECEDING TAX YEAR, MUST BE AT OR BELOW 200% OF FEDERAL POVERTY GUIDELINES FOR YOUR FAMILY SIZE THAT YEAR. THIS DOES NOT APPLY TO ALL INDIVIDUALS; FOR EXAMPLE, FORMER CITY OF CHICAGO EMPLOYEES WHO RETIRE AND/OR BEGIN RECEIVING AN ANNUITY ON OR AFTER JULY 1, 2005, BASED ON LESS THAN 10 YEARS OF SERVICE CREDITS, ARE NOT ELIGIBLE FOR THE MEANS TEST.

**** **NON-FORMULARY BRAND NAME DRUG** – A NON-FORMULARY BRAND NAME DRUG IS A BRAND NAME DRUG THAT IS NOT ON THE PREFERRED LIST OF FORMULARY DRUGS.

***** **FORMULARY BRAND NAME DRUGS** – A FORMULARY DRUG IS A BRAND NAME DRUG THAT HAS BEEN DESIGNATED AS A PREFERRED DRUG BY CVS CAREMARK. THE PREFERRED DRUG (FORMULARY) LIST MAY CHANGE PERIODICALLY AT THE DISCRETION OF THE PHARMACY BENEFITS MANAGER.

Group G
Medicare Retiree
Retired
Pre 8/23/89

DEPARTMENT OF FINANCE
CITY OF CHICAGO

October, 2013

Dear City of Chicago Medicare Supplement Retiree Healthcare Plan Participant, who retired prior to August 23, 1989:

This letter and the enclosed documents contain important information about your health care benefits and the premium rates that will be effective on January 1, 2014, including the following:

1) A new 2014 premium rate chart.
2) A 2014 Benefits Summary.
3) The Notice of Creditable Coverage for prescription drugs.
4) Information on the Means test--a way for certain low income plan members to save money for premiums and/or for prescription drug co-payments.

Rate Changes: Your premium rates for 2014 are enclosed. These rates are based on the projected cost of the Plan minus the City of Chicago's contribution and the anticipated Pension Fund subsidy.

Plan Changes: The name of the new plan for Medicare eligible Plan Participants is the *City of Chicago Medicare Supplement Retiree Healthcare Plan* ("Plan"). An updated Benefits Summary for 2014 is attached. Just as occurred in past years, your co-pays for mail order drugs will increase by 5%. Remember, the Plan also now requires that you use the mail order pharmacy for maintenance prescriptions.

Creditable Coverage Notice: This notice verifies that you have creditable drug coverage under the Plan. This means that the coverage provided under the Plan is at least as good as the coverage under a Medicare Part D plan. Please keep this notice in your permanent records.

Means Test: Certain low income Plan participants may be eligible to have their co-pays for mail order drugs and/or their premiums reduced. To be eligible for these benefits, your combined household adjusted gross income, as reported to the Internal Revenue Service in the immediately preceding tax year, must be at or below 250% of the federal poverty guidelines for your family size for that year. This does not apply to all individuals; for example, former City employees who retired and/or began receiving an annuity on or after July 1, 2005 based on less than 10 years of City service, are not eligible for the Means Test. As part of the application process you must provide a release that allows the City to receive a copy of your most recently filed tax return.

(See Reverse Side)

If your annual annuity amount is less than 250% of the federal poverty level for 2013, a Means Test application will be sent to you under separate cover. (250% of the federal poverty level for a single person for 2013 is $28,725; for a couple it is $38,775.) If your annuity is more than that but you believe that your adjusted gross income may qualify you for the benefit based on your family size, you may call the benefits service center at 1-877-299-5111, or you may find the application at cityofchicago.org/benefits/supporting documentation.

Please call the benefits service center at 1-877-299-5177 if you have any questions about this letter.

Sincerely,

Nancy Currier
Benefits Manager

CITY OF CHICAGO
MONTHLY RATES FOR RETIREE HEALTHCARE PLANS
EFFECTIVE DATE - JANUARY 1, 2014

THE FOLLOWING RATES ARE APPLICABLE FOR EMPLOYEES WHO BECAME RETIREES BEFORE AUGUST 23, 1989

CATEGORY	PLAN	MONTHLY CONTRIBUTION RATES
RETIREE		
	MEDICARE	$69
	NON-MEDICARE	$69
RETIREE AND SPOUSE		
	MEDICARE/MEDICARE	$197
	MEDICARE/NON-MEDICARE	$197
	NON-MEDICARE/MEDICARE	$197
	NON-MEDICARE/NON-MEDICARE	$197
RETIREE AND CHILD(REN)		
	MEDICARE/CHILD(REN)	$197
	NON-MEDICARE/CHILD(REN)	$197
RETIREE, SPOUSE AND CHILD(REN)		
	MED/MED/CHILD(REN)	$325
	MED/NON/CHILD(REN)	$325
	NON/MED/CHILD(REN)	$325
	NON/NON/CHILD(REN)	$325

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#3

PLAN AHEAD FOR IMPORTANT 2014

RETIREMENT HEALTHCARE BENEFITS

In May 2013 you received a letter informing you that, in light of the evolving landscape of national healthcare and challenges faced by Chicago taxpayers, changes to the City of Chicago's retiree healthcare benefits would be implemented starting in 2014. The relevant information provided in that letter is summarized here so that you have it as you review the details of your healthcare coverage for the 2014 plan year, which are summarized in the documents provided in this mailing.

As a reminder, the City of Chicago extended retiree coverage and benefits through December 2013 in an effort to maintain current coverage for a full plan year and allow you time to plan and prepare for 2014.

Importantly, for City retirees who retired prior to August 23, 1989, in 2014 and beyond, the City will substantially subsidize your health benefits. In short, the City will provide a healthcare plan with a contribution from the City of up to 55% of the cost of that plan for your lifetime.

For City retirees who retired on or after August 23, 1989, in 2014 the City will provide a subsidy towards the cost of your health benefits if you have at least 10 years of City service, but there will be some changes to that subsidy. It is important to note that the 2014 healthcare plan will include*:

- ✓ **Blue Cross Blue Shield PPO network and prescription coverage.**
- ✓ **No increase in the co-pays, deductibles or out-of-pocket cost other than the same small percentage increases that occurred annually in the prior plan.**
- ✓ **90% coverage for PPO hospital expenses and doctor visits, after deductible.**
- ✓ **Generous Medicare supplemental coverage for Medicare recipients, including prescription drugs.**
- ✓ **The additional City premium subsidy available to low-income retirees is improved to include retirees at or below 250% of the federal poverty level; the subsidy in the prior plan was capped at 200%.**

With the changes taking place in the national healthcare market, we will assist retirees in obtaining the information needed to navigate the options available for their healthcare needs going forward, both for Medicare and non-Medicare eligible retirees. Other options for coverage for 2014 and beyond:

- Retirees not eligible for Medicare will have a broad range of healthcare plan options available to them as the Illinois health insurance exchange goes into effect in 2014.
- Retirees who are eligible for Medicare will receive Medicare coverage, and supplemental Medicare plans are available from many insurance companies – as there are today.

Please note – **A recently enacted state law provides for a pension fund subsidy of $95 per month for non-Medicare eligible retirees and $65 per month for retirees eligible for Medicare through 2016, saving you thousands of dollars in healthcare costs in the coming years.**

*The Plan Document defines and controls the terms of the benefits provided.

The City will continue to provide you relevant updates on these matters going forward.

For information about plan changes, call 1-877-299-5111
or visit **www.cityofchicago.org**

To learn more about the Illinois health insurance exchange plans, call 1-866-311-1119
or visit **www.GetCoveredIllinois.gov**

To download the Retiree Healthcare Benefits Commission ("RHBC") report, visit
www.cityofchicago.org/city/en/depts/fin/provdrs/ben.html

CITY OF CHICAGO

BENEFITS SUMMARY†
Effective January 1, 2014

†The plan document defines and controls the terms of the benefits provided.

Medicare Supplement Retiree Healthcare Plan

The Medicare Supplement Retiree Healthcare Plan pays the percentages listed below after you Medicare and any annual deductibles. The maximum amount that the Plan will pay is based on the Medicare allowable charge.* Services must be medically necessary.

Medical Benefits	Coverage
Lifetime Maximum	$1.5 million per person for medical and prescription drug benefits [1]
Plan Deductible [2]	$100 per person each calendar year (separate from Medicare Part B deductible)
Hospitalization	
Days 1 – 60	You pay $50 of the Medicare Part A Inpatient Deductible for the first hospital stay in each calendar year. Plan pays all but $50 of Medicare Part A Inpatient Deductible for the first hospital stay each calendar year.
Days 61 – 90	You pay 0. Plan pays 100% of the Medicare daily copayment, which is 25% of the Medicare Part A Inpatient Deductible.
Days 91 – 150	You pay 0. Plan pays 100% of the Medicare daily copayment, which is 50% of the Medicare Part A Inpatient Deductible.
Additional Days	Additional days may be covered under Medicare Part A and/or the Plan.
Skilled Nursing Facility	
Days 1 – 20	You pay 0. Medicare pays 100% of first 20 days each Medicare Benefit Period.
Days 21 – 100	You pay 0. Plan pays 100% of the Medicare daily copayment, which is 1/8 of the Medicare Part A Inpatient Deductible.
Additional Days	You pay 100%. No Medicare or Plan benefits are paid after 100 days in a Medicare Benefit Period.
Other Covered Services	Plan pays 20% of Medicare approved amount after Part B deductible and Plan deductible.
Out-of-Country Services	If you are in a foreign country and are hospitalized due to an emergency, the Plan pays 80% of eligible charges for medically necessary services during the first 60 days of your hospitalization. Benefits are subject to a $250 calendar year deductible. The total lifetime maximum that the City's Plan pays is limited to $50,000
Diabetic Supplies	Medicare Part B covers diabetic supplies such as glucose testing monitors, blood glucose test strips, lancets, and glucose control solutions. There may be limits on supplies or how to get them. Ask your pharmacy or supplier if they are enrolled in the Medicare program. If they are not, Medicare will not pay and neither will the City's Plan because the City's Plan is only a supplement to Medicare. If you have paid the yearly Part B deductible as well as the City's $100 annual deductible, the City will pay 20% of the Medicare approved amount.

1 The lifetime maximum includes expenses paid under both the Non-Medicare and Medicare plans combined.

2 Medicare Part A and Medicare Part B: **No expense is covered by the Plan if Medicare does not cover it unless otherwise specified.** If you are only enrolled in Medicare Part A, the Plan will pay benefits as though you are enrolled in both Medicare Part A and Medicare Part B.

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Rev. 10/2013

(See Reverse Side)

Prescription Drug Benefits	Coverage
Caremark Retail Pharmacy – up to a 30 day supply or 100 unit dose (whichever is less)	After you've met the separate $100 annual prescription drug deductible (does not apply to Means Test Eligible Retirees),*** for each prescription, you pay: • 20% of the contracted cost for generic drugs • 20% of the contracted cost for formulary brand name drugs*** when no generic is available • 20% of the contracted cost plus $15 for non-formulary brand name drugs**** when no generic is available
Mail Order Program - Up to a 90 day supply	For each prescription, you pay: • $25 for 2014 ($7 for Means Test Eligible Retirees) for generic drugs • $65 for 2014 ($20 for Means Test Eligible Retirees) for formulary brand name drugs when no generic is available **Note: non-formulary brand name medications are not available through the mail order program.**
Restrictions: Why choose a generic?	If a brand name drug is dispensed when a generic alternative is available, you pay the difference in cost between the generic and the brand name as well as the generic copayment. The Plan will not pay more than it would pay for the generic medication, if you buy a brand name drug when a generic alternative is available.
Generic Step Therapy Program for generics available in the therapeutic class	If you elect to purchase a brand medication without trying an appropriate generic medication in the same therapeutic class, you will pay the full cost of the medication. **If you try the generic medication and your physician finds that the generic medication is not effective in treating your condition, you will be able to receive the brand medication at the copayment applicable to non-formulary or formulary.**
Specialty Medications	If you do not try the preferred medication for the therapeutic class, you will pay the full cost of the medication. If you try the preferred specialty medication and it is not effective in treating your condition, you will be able to receive a non-preferred formulary drug.
Mandatory Mail Order	Requiring the use of mail order will reduce costs for the City and Retirees. After 2 fills of your generic or formulary brand medication at a retail pharmacy, you will be required to use mail order for any additional fills through CVS-Caremark in Mount Prospect, IL. If you do not use the mail order program for your 3rd or any subsequent fills, you will pay the full cost of the prescription. If your medication is non-formulary, however, you must continue to use the retail pharmacy.
Out-of-network pharmacy reimbursement	If you do not go to a network retail pharmacy, you pay the full amount when you pick up your prescription. You must then submit a receipt for reimbursement. The Plan will pay 60% of the Plan's cost, after you've met the deductible (if applicable). There is no formulary list if you go to an out-of-network pharmacy.

* **MEDICARE ALLOWABLE CHARGE** – THE AMOUNT THAT MEDICARE DETERMINES A PARTICULAR SERVICE OR SUPPLY SHOULD COST. THE MEDICARE SUPPLEMENT RETIREE HEALTHCARE PLAN BASES PAYMENT ON THE MEDICARE ALLOWABLE CHARGE.

** **MEANS TEST ELIGIBLE RETIREE** – GENERALLY, THE COMBINED HOUSEHOLD ADJUSTED GROSS INCOME, AS REPORTED TO THE INTERNAL REVENUE SERVICE IN THE IMMEDIATELY PRECEDING TAX YEAR, MUST BE AT OR BELOW 200% OF FEDERAL POVERTY GUIDELINES FOR YOUR FAMILY SIZE THAT YEAR. THIS DOES NOT APPLY TO ALL INDIVIDUALS; FOR EXAMPLE, FORMER CITY OF CHICAGO EMPLOYEES WHO RETIRE AND/OR BEGIN RECEIVING AN ANNUITY ON OR AFTER JULY 1, 2005, BASED ON LESS THAN 10 YEARS OF SERVICE CREDITS, ARE NOT ELIGIBLE FOR THE MEANS TEST.

*** **FORMULARY BRAND NAME DRUGS** – A FORMULARY DRUG IS A BRAND NAME DRUG THAT HAS BEEN DESIGNATED AS A PREFERRED DRUG BY CVS CAREMARK. THE PREFERRED DRUG (FORMULARY) LIST MAY CHANGE PERIODICALLY AT THE DISCRETION OF THE PHARMACY BENEFITS MANAGER.

**** **NON-FORMULARY BRAND NAME DRUG** – A NON-FORMULARY BRAND NAME DRUG IS A BRAND NAME DRUG THAT IS NOT ON THE PREFERRED LIST OF FORMULARY DRUGS.

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Rev. 10/2013

Notice of Prescription Drug Creditable Coverage
City of Chicago Retiree Healthcare Plan

The City of Chicago has determined that Retiree Healthcare Plan prescription drug benefits are, on average, "creditable coverage," which means the City's coverage is expected to pay as much (or more in some cases) as standard Medicare Prescription Drug Coverage.

Because the City's prescription drug benefits are creditable coverage, you can choose to stay covered under the City's Plan and join a Medicare plan later and not be subject to the higher Medicare premium penalty.

Keep this Notice. If you enroll for Medicare Prescription Drug Coverage, you may need a copy of this Notice when you enroll. This Notice verifies that you have creditable coverage and that you are not required to pay the higher premium penalty.

Your Choices and the Consequences

You should compare your current coverage with the coverage and cost of the Medicare plans in your area. Regardless of whether or not you or a dependent enroll for Medicare Prescription Drug Coverage, you will continue to receive your current prescription drug benefits under the City's Plan (as long as you or your dependent are otherwise eligible to continue the City's coverage). Remember that the City's Plan also covers medical benefits, in addition to prescription drug benefits. **The premium you pay for coverage under the City's Plan will not be affected by whether or not you enroll in Medicare Prescription Drug Coverage.**

However, if you or a dependent are eligible and enroll for Medicare Prescription Drug Coverage, your or your dependent's prescription drug benefits under the City's Plan will be secondary to, and will be coordinated with, your Medicare Prescription Drug Coverage. Also, remember that for most people there is a monthly premium for Medicare Prescription Drug Coverage.

Important Note: If you or a dependent are eligible for Medicare, drop or lose your coverage with the City, and do not enroll for Medicare Prescription Drug Coverage after your current coverage ends, you may pay more for Medicare Prescription Drug Coverage later. If you go 63 days or longer without prescription drug coverage that is at least as good as Medicare Prescription Drug Coverage, your monthly premium for Medicare Prescription Drug Coverage will increase. The increase will be 1% per month for every month that you were eligible for but did not have coverage. For example, if you go 19 months without coverage, your monthly premium will always be 19% higher than what most other people pay. You will have to pay the higher premium penalty as long as you have Medicare Prescription Drug Coverage. In addition, you may have to wait until the next open enrollment period (October 15 through December 7 each year) to enroll.

Eligible individuals who are entitled to Medicare Part A or enrolled in Part B can enroll for Medicare Prescription Drug Coverage when they are first eligible or during the annual Medicare enrollment period (between October 15 through December 7 each year). Medicare eligible individuals who lose or drop creditable prescription drug benefits may be eligible for a two month Special Enrollment Period to sign up for Medicare Prescription Drug Coverage. Detailed information about Special Enrollment Periods is included in the *Medicare & You* handbook sent to Medicare eligible individuals each fall.

(TURN THIS PAGE OVER FOR MORE INFORMATION)

For More Information About Medicare Prescription Drug Coverage

More information about Medicare Prescription Drug Coverage is available in the "Medicare & You" handbook that Medicare publishes and sends to Medicare beneficiaries each fall. You may also be contacted directly from Medicare prescription drug plans.

To get more information, you can:

- Visit www.medicare.gov for personalized help.
- Call your State Health Insurance Assistance Program (the telephone number is in the "Medicare & You" handbook).
- Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

For people with limited income and assets, extra help paying for a Medicare Prescription Drug Coverage is available. Additional information is available from the Social Security Administration by:

- Visiting www.socialsecurity.gov/prescriptionhelp.
- Calling 1-800-772-1213 (TTY users should call 1-800-325-0778).

For More Information About this Notice or the City's Prescription Drug Benefits

If you have any questions about this Notice or would like more information about your prescription drug benefits under the City's Plan, please call the Benefits Management Office.

You may receive this Notice at other times in the future, such as before the next period you can enroll in Medicare Prescription Drug Coverage or if the City's coverage changes. You also may request a copy at any time from the Benefits Management Office.

Date of Notice:	September 2013
Entity/Sender:	The City of Chicago
Contact:	Benefits Management Office
Address:	333 South State Street, Room 400, Chicago, Illinois 60604-3978
Telephone Number:	1-877-299-5111
Web Site:	www.cityofchicago.org/benefits

MEDICARE PART D ENROLLMENT

Medicare provides the City of Chicago enrollment information on Medicare Part D participants who also have City of Chicago coverage. If you or a covered dependent enroll in a Part D plan, or are defaulted into a Part D plan because of eligibility for a State or Federal program, and you want to disenroll, you must call Medicare. They will provide you with the necessary information to disenroll. You must then notify the Benefits Management Office so we can update our records.

Benefits under the City of Chicago Retiree Healthcare Plan may be modified, reduced, or terminated as specified in the legal documents that establish the Plan. The City expressly reserves all rights to make amendments or terminate the Plan as allowed by the legal documents that establish the Plan.

Group H
Medicare
Retiree
Post 8/23/89

DEPARTMENT OF FINANCE
CITY OF CHICAGO

October, 2013

Dear City of Chicago Medicare Supplement Retiree Healthcare Plan Participant who retired on or after August 23, 1989:

This letter and the enclosed documents contain important information about your health care benefits and the premium rates that will be effective on January 1, 2014, including the following:

1) A new premium rate chart.
2) A 2014 Benefits Summary.
3) The Notice of Creditable Coverage for prescription drugs.
4) Information on the Means Test--a way for certain low income plan members to save money for premiums and/or for prescription drug co-payments.
5) An important reminder about Medicare enrollment.

Rate Changes: Your premium rates for 2014 are enclosed. These rates are based on the projected cost of the Plan minus the City of Chicago's contribution and the anticipated Pension Fund subsidy.

Plan Changes: The name of the new plan for Medicare eligible plan participants is the *City of Chicago Medicare Supplement Retiree Healthcare Plan*. A Benefits Summary for 2014 is enclosed. Just as occurred in past years, your co-pays for mail order drugs will increase by 5%. Remember, the Plan also now requires that you use the mail order pharmacy for maintenance prescriptions.

Creditable Coverage Notice: This notice verifies that you have creditable drug coverage under the Plan. This means that the coverage provided under the Plan is at least as good as the coverage under a Medicare Part D plan. Please keep this notice in your permanent records.

Means Test: Certain low income Plan participants may be eligible to have their co-pays for mail order drugs and/or their premiums reduced. To be eligible for these benefits, your combined household adjusted gross income, as reported to the Internal Revenue Service in the immediately preceding tax year, must be at or below 250% of the federal poverty guidelines for your family size for that year. This does not apply to all individuals; for example, former City employees who retired and/or began receiving an annuity on or after July 1, 2005 based on less than 10 years of City service, are not eligible for the Means Test. As part of the application process you must provide a release that allows the City to receive a copy of your most recently filed tax return.

(See Reverse Side)

If your annual annuity amount is less than 250% of the federal poverty level for 2013, a Means Test application will be sent to you under separate cover. (250% of the federal poverty level for a single person for 2013 is $28,725; for a couple it is $38,775.) If your annuity is more than that but you believe that your adjusted gross income may qualify you for the benefit based on your family size, you may call the benefits service center at 1-877-299-5111, or you may find the application at cityofchicago.org/benefits/supporting documentation.

Important Reminder About Medicare Enrollment: You are Medicare eligible and should have applied for Medicare, both Part A and Part B. Failure to apply for Medicare can hurt you financially because you are in the Medicare supplement plan. If you have not applied for Medicare you need to do so and provide the benefits management office and your pension fund with a copy of the Medicare card. You are in the Medicare supplement plan and you will face financial consequences for not taking the necessary steps to secure Medicare enrollment. *Note: If you are not eligible for free Part A based on your work record or your spouse's or former spouse's work record, you must provide the benefits management office with the letter from Social Security advising us of this. Failure to provide us the proper documentation does not mean that you will be placed in the plan for non-Medicare eligible retirees.*

Please call the benefits service center at 1-877-299-5111 if you have any questions about this letter.

Sincerely,

Nancy Currier
Benefits Manager

CITY OF CHICAGO
MONTHLY RATES FOR RETIREE HEALTHCARE PLANS
EFFECTIVE DATE - JANUARY 1, 2014

THE FOLLOWING RATES ARE APPLICABLE FOR EMPLOYEES WHO BECAME RETIREES AFTER JULY 1, 2005

		FOR RETIREES WITH YEARS OF SERVICE OF:			
CATEGORY	PLAN	20 YEARS	15-19 YEARS	10-14 YEARS	LESS THAN 10 YEARS
RETIREE					
	MEDICARE	$123.00	$134.00	$145.00	$233.00
	NON-MEDICARE	$530.00	$561.00	$592.00	$840.00
RETIREE AND SPOUSE					
	MEDICARE/MEDICARE	$303.00	$324.00	$346.00	$517.00
	MEDICARE / NON-MEDICARE	$740.00	$781.00	$823.00	$1,154.00
	NON-MEDICARE / MEDICARE	$710.00	$751.00	$793.00	$1,124.00
	NON-MEDICARE / NON-MEDICARE	$1,133.00	$1,193.00	$1,254.00	$1,739.00
RETIREE AND CHILD(REN)					
	MEDICARE / CHILD(REN)	$321.00	$341.00	$360.00	$517.00
	NON-MEDICARE / CHILD(REN)	$714.00	$753.00	$791.00	$1,101.00
RETIREE, SPOUSE AND CHILD(REN)					
	MED/MED/CHILD(REN)	$501.00	$531.00	$561.00	$801.00
	MED/NON/CHILD(REN)	$923.00	$973.00	$1,022.00	$1,416.00
	NON/MED/CHILD(REN)	$893.00	$943.00	$992.00	$1,386.00
	NON/NON/CHILD(REN)	$1,316.00	$1,385.00	$1,453.00	$2,000.00
CHILD(REN)					
	CHILD(REN)	$112.00	$121.00	$130.00	$203.00

BMO 09/05/13
BA/070205

#1

Notice of Prescription Drug Creditable Coverage
City of Chicago Retiree Healthcare Plan

The City of Chicago has determined that Retiree Healthcare Plan prescription drug benefits are, on average, "creditable coverage," which means the City's coverage is expected to pay as much (or more in some cases) as standard Medicare Prescription Drug Coverage.

Because the City's prescription drug benefits are creditable coverage, you can choose to stay covered under the City's Plan and join a Medicare plan later and not be subject to the higher Medicare premium penalty.

Keep this Notice. If you enroll for Medicare Prescription Drug Coverage, you may need a copy of this Notice when you enroll. This Notice verifies that you have creditable coverage and that you are not required to pay the higher premium penalty.

Your Choices and the Consequences

You should compare your current coverage with the coverage and cost of the Medicare plans in your area. Regardless of whether or not you or a dependent enroll for Medicare Prescription Drug Coverage, you will continue to receive your current prescription drug benefits under the City's Plan (as long as you or your dependent are otherwise eligible to continue the City's coverage). Remember that the City's Plan also covers medical benefits, in addition to prescription drug benefits. **The premium you pay for coverage under the City's Plan will not be affected by whether or not you enroll in Medicare Prescription Drug Coverage.**

However, if you or a dependent are eligible and enroll for Medicare Prescription Drug Coverage, your or your dependent's prescription drug benefits under the City's Plan will be secondary to, and will be coordinated with, your Medicare Prescription Drug Coverage. Also, remember that for most people there is a monthly premium for Medicare Prescription Drug Coverage.

Important Note: If you or a dependent are eligible for Medicare, drop or lose your coverage with the City, and do not enroll for Medicare Prescription Drug Coverage after your current coverage ends, you may pay more for Medicare Prescription Drug Coverage later. If you go 63 days or longer without prescription drug coverage that is at least as good as Medicare Prescription Drug Coverage, your monthly premium for Medicare Prescription Drug Coverage will increase. The increase will be 1% per month for every month that you were eligible for but did not have coverage. For example, if you go 19 months without coverage, your monthly premium will always be 19% higher than what most other people pay. You will have to pay the higher premium penalty as long as you have Medicare Prescription Drug Coverage. In addition, you may have to wait until the next open enrollment period (October 15 through December 7 each year) to enroll.

Eligible individuals who are entitled to Medicare Part A or enrolled in Part B can enroll for Medicare Prescription Drug Coverage when they are first eligible or during the annual Medicare enrollment period (between October 15 through December 7 each year). Medicare eligible individuals who lose or drop creditable prescription drug benefits may be eligible for a two month Special Enrollment Period to sign up for Medicare Prescription Drug Coverage. Detailed information about Special Enrollment Periods is included in the *Medicare & You* handbook sent to Medicare eligible individuals each fall.

(TURN THIS PAGE OVER FOR MORE INFORMATION)

For More Information About Medicare Prescription Drug Coverage

More information about Medicare Prescription Drug Coverage is available in the "Medicare & You" handbook that Medicare publishes and sends to Medicare beneficiaries each fall. You may also be contacted directly from Medicare prescription drug plans.

To get more information, you can:

- Visit www.medicare.gov for personalized help.
- Call your State Health Insurance Assistance Program (the telephone number is in the "Medicare & You" handbook).
- Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

For people with limited income and assets, extra help paying for a Medicare Prescription Drug Coverage is available. Additional information is available from the Social Security Administration by:

- Visiting www.socialsecurity.gov/prescriptionhelp.
- Calling 1-800-772-1213 (TTY users should call 1-800-325-0778).

For More Information About this Notice or the City's Prescription Drug Benefits

If you have any questions about this Notice or would like more information about your prescription drug benefits under the City's Plan, please call the Benefits Management Office.

You may receive this Notice at other times in the future, such as before the next period you can enroll in Medicare Prescription Drug Coverage or if the City's coverage changes. You also may request a copy at any time from the Benefits Management Office.

Date of Notice:	September 2013
Entity/Sender:	The City of Chicago
Contact:	Benefits Management Office
Address:	333 South State Street, Room 400, Chicago, Illinois 60604-3978
Telephone Number:	1-877-299-5111
Web Site:	www.cityofchicago.org/benefits

MEDICARE PART D ENROLLMENT

Medicare provides the City of Chicago enrollment information on Medicare Part D participants who also have City of Chicago coverage. If you or a covered dependent enroll in a Part D plan, or are defaulted into a Part D plan because of eligibility for a State or Federal program, and you want to disenroll, you must call Medicare. They will provide you with the necessary information to disenroll. You must then notify the Benefits Management Office so we can update our records.

Benefits under the City of Chicago Retiree Healthcare Plan may be modified, reduced, or terminated as specified in the legal documents that establish the Plan. The City expressly reserves all rights to make amendments or terminate the Plan as allowed by the legal documents that establish the Plan.

PLAN AHEAD FOR IMPORTANT 2014

RETIREMENT HEALTHCARE BENEFITS

In May 2013 you received a letter informing you that, in light of the evolving landscape of national healthcare and challenges faced by Chicago taxpayers, changes to the City of Chicago's retiree healthcare benefits would be implemented starting in 2014. The relevant information provided in that letter is summarized here so that you have it as you review the details of your healthcare coverage for the 2014 plan year, which are summarized in the documents provided in this mailing.

As a reminder, the City of Chicago extended retiree coverage and benefits through December 2013 in an effort to maintain current coverage for a full plan year and allow you time to plan and prepare for 2014.

<u>Importantly, for City retirees who retired prior to August 23, 1989, in 2014 and beyond, the City will substantially subsidize your health benefits</u>. In short, the City will provide a healthcare plan with a contribution from the City of up to 55% of the cost of that plan for your lifetime.

For City retirees who retired on or after August 23, 1989, in 2014 the City will provide a subsidy towards the cost of your health benefits if you have at least 10 years of City service, but there will be some changes to that subsidy. <u>It is important to note that the 2014 healthcare plan will include*</u>:

- ✓ **Blue Cross Blue Shield PPO network and prescription coverage.**
- ✓ **No increase in the co-pays, deductibles or out-of-pocket cost other than the same small percentage increases that occurred annually in the prior plan.**
- ✓ **90% coverage for PPO hospital expenses and doctor visits, after deductible.**
- ✓ **Generous Medicare supplemental coverage for Medicare recipients, including prescription drugs.**
- ✓ **The additional City premium subsidy available to low-income retirees is improved to include retirees at or below 250% of the federal poverty level; the subsidy in the prior plan was capped at 200%.**

With the changes taking place in the national healthcare market, we will assist retirees in obtaining the information needed to navigate the options available for their healthcare needs going forward, both for Medicare and non-Medicare eligible retirees. Other options for coverage for 2014 and beyond:

- Retirees not eligible for Medicare will have a broad range of healthcare plan options available to them as the Illinois health insurance exchange goes into effect in 2014.
- Retirees who are eligible for Medicare will receive Medicare coverage, and supplemental Medicare plans are available from many insurance companies – as there are today.

Please note – **A recently enacted state law provides for a pension fund subsidy of $95 per month for non-Medicare eligible retirees and $65 per month for retirees eligible for Medicare through 2016, saving you thousands of dollars in healthcare costs in the coming years.**

*The Plan Document defines and controls the terms of the benefits provided.

The City will continue to provide you relevant updates on these matters going forward.

For information about plan changes, call 1-877-299-5111
or visit **www.cityofchicago.org**

To learn more about the Illinois health insurance exchange plans, call 1-866-311-1119
or visit **www.GetCoveredIllinois.gov**

To download the Retiree Healthcare Benefits Commission ("RHBC") report, visit
www.cityofchicago.org/city/en/depts/fin/provdrs/ben.html

CITY OF CHICAGO

BENEFITS SUMMARY†
Effective January 1, 2014

†The plan document defines and controls the terms of the benefits provided.

Medicare Supplement Retiree Healthcare Plan

The Medicare Supplement Retiree Healthcare Plan pays the percentages listed below after you Medicare and any annual deductibles. The maximum amount that the Plan will pay is based on the Medicare allowable charge.* Services must be medically necessary.

Medical Benefits	Coverage
Lifetime Maximum	$1.5 million per person for medical and prescription drug benefits [1]
Plan Deductible [2]	$100 per person each calendar year (separate from Medicare Part B deductible)
Hospitalization	
Days 1 – 60	You pay $50 of the Medicare Part A Inpatient Deductible for the first hospital stay in each calendar year. Plan pays all but $50 of Medicare Part A Inpatient Deductible for the first hospital stay each calendar year.
Days 61 – 90	You pay 0. Plan pays 100% of the Medicare daily copayment, which is 25% of the Medicare Part A Inpatient Deductible.
Days 91 – 150	You pay 0. Plan pays 100% of the Medicare daily copayment, which is 50% of the Medicare Part A Inpatient Deductible.
Additional Days	Additional days may be covered under Medicare Part A and/or the Plan.
Skilled Nursing Facility	
Days 1 – 20	You pay 0. Medicare pays 100% of first 20 days each Medicare Benefit Period.
Days 21 – 100	You pay 0. Plan pays 100% of the Medicare daily copayment, which is 1/8 of the Medicare Part A Inpatient Deductible.
Additional Days	You pay 100%. No Medicare or Plan benefits are paid after 100 days in a Medicare Benefit Period.
Other Covered Services	Plan pays 20% of Medicare approved amount after Part B deductible and Plan deductible.
Out-of-Country Services	If you are in a foreign country and are hospitalized due to an emergency, the Plan pays 80% of eligible charges for medically necessary services during the first 60 days of your hospitalization. Benefits are subject to a $250 calendar year deductible. The total lifetime maximum that the City's Plan pays is limited to $50,000
Diabetic Supplies	Medicare Part B covers diabetic supplies such as glucose testing monitors, blood glucose test strips, lancets, and glucose control solutions. There may be limits on supplies or how to get them. Ask your pharmacy or supplier if they are enrolled in the Medicare program. If they are not, Medicare will not pay and neither will the City's Plan because the City's Plan is only a supplement to Medicare. If you have paid the yearly Part B deductible as well as the City's $100 annual deductible, the City will pay 20% of the Medicare approved amount.

[1] The lifetime maximum includes expenses paid under both the Non-Medicare and Medicare plans combined.

[2] Medicare Part A and Medicare Part B; **No expense is covered by the Plan if Medicare does not cover it unless otherwise specified.** If you are only enrolled in Medicare Part A, the Plan will pay benefits as though you are enrolled in both Medicare Part A and Medicare Part B.

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(See Reverse Side)

Prescription Drug Benefits	Coverage
Caremark Retail Pharmacy – up to a 30 day supply or 100 unit dose (whichever is less)	After you've met the separate $100 annual prescription drug deductible (does not apply to Means Test Eligible Retirees),*** for each prescription, you pay: • 20% of the contracted cost for generic drugs • 20% of the contracted cost for formulary brand name drugs*** when no generic is available • 20% of the contracted cost plus $15 for non-formulary brand name drugs**** when no generic is available
Mail Order Program - Up to a 90 day supply	For each prescription, you pay: • $25 for 2014 ($7 for Means Test Eligible Retirees) for generic drugs • $65 for 2014 ($20 for Means Test Eligible Retirees) for formulary brand name drugs when no generic is available **Note: non-formulary brand name medications are not available through the mail order program.**
Restrictions: Why choose a generic?	If a brand name drug is dispensed when a generic alternative is available, you pay the difference in cost between the generic and the brand name as well as the generic copayment. The Plan will not pay more than it would pay for the generic medication, if you buy a brand name drug when a generic alternative is available.
Generic Step Therapy Program for generics available in the therapeutic class	If you elect to purchase a brand medication without trying an appropriate generic medication in the same therapeutic class, you will pay the full cost of the medication. **If you try the generic medication and your physician finds that the generic medication is not effective in treating your condition, you will be able to receive the brand medication at the copayment applicable to non-formulary or formulary.**
Specialty Medications	If you do not try the preferred medication for the therapeutic class, you will pay the full cost of the medication. If you try the preferred specialty medication and it is not effective in treating your condition, you will be able to receive a non-preferred formulary drug.
Mandatory Mail Order	Requiring the use of mail order will reduce costs for the City and Retirees. After 2 fills of your generic or formulary brand medication at a retail pharmacy, you will be required to use mail order for any additional fills through CVS-Caremark in Mount Prospect, IL. If you do not use the mail order program for your 3rd or any subsequent fills, you will pay the full cost of the prescription. If your medication is non-formulary, however, you must continue to use the retail pharmacy.
Out-of-network pharmacy reimbursement	If you do not go to a network retail pharmacy, you pay the full amount when you pick up your prescription. You must then submit a receipt for reimbursement. The Plan will pay 60% of the Plan's cost, after you've met the deductible (if applicable). There is no formulary list if you go to an out-of-network pharmacy.

* **MEDICARE ALLOWABLE CHARGE** – THE AMOUNT THAT MEDICARE DETERMINES A PARTICULAR SERVICE OR SUPPLY SHOULD COST. THE MEDICARE SUPPLEMENT RETIREE HEALTHCARE PLAN BASES PAYMENT ON THE MEDICARE ALLOWABLE CHARGE.

** **MEANS TEST ELIGIBLE RETIREE** – GENERALLY, THE COMBINED HOUSEHOLD ADJUSTED GROSS INCOME, AS REPORTED TO THE INTERNAL REVENUE SERVICE IN THE IMMEDIATELY PRECEDING TAX YEAR, MUST BE AT OR BELOW 200% OF FEDERAL POVERTY GUIDELINES FOR YOUR FAMILY SIZE THAT YEAR. THIS DOES NOT APPLY TO ALL INDIVIDUALS; FOR EXAMPLE, FORMER CITY OF CHICAGO EMPLOYEES WHO RETIRE AND/OR BEGIN RECEIVING AN ANNUITY ON OR AFTER JULY 1, 2005, BASED ON LESS THAN 10 YEARS OF SERVICE CREDITS, ARE NOT ELIGIBLE FOR THE MEANS TEST.

*** **FORMULARY BRAND NAME DRUGS** – A FORMULARY DRUG IS A BRAND NAME DRUG THAT HAS BEEN DESIGNATED AS A PREFERRED DRUG BY CVS CAREMARK. THE PREFERRED DRUG (FORMULARY) LIST MAY CHANGE PERIODICALLY AT THE DISCRETION OF THE PHARMACY BENEFITS MANAGER.

**** **NON-FORMULARY BRAND NAME DRUG** – A NON-FORMULARY BRAND NAME DRUG IS A BRAND NAME DRUG THAT IS NOT ON THE PREFERRED LIST OF FORMULARY DRUGS.

Group I
Medicare Retiree
Retired
Post 8/23/89
Pre 7/1/05

DEPARTMENT OF FINANCE
CITY OF CHICAGO

October, 2013

Dear City of Chicago Medicare Supplement Retiree Healthcare Plan Participant who retired on or after August 23, 1989:

This letter and the enclosed documents contain important information about your health care benefits and the premium rates that will be effective on January 1, 2014, including the following:

1) A new premium rate chart.

2) A 2014 Benefits Summary.

3) The Notice of Creditable Coverage for prescription drugs.

4) Information on the Means Test--a way for certain low income plan members to save money for premiums and/or for prescription drug co-payments.

5) An important reminder about Medicare enrollment.

Rate Changes: Your premium rates for 2014 are enclosed. These rates are based on the projected cost of the Plan minus the City of Chicago's contribution and the anticipated Pension Fund subsidy.

Plan Changes: The name of the new plan for Medicare eligible plan participants is the *City of Chicago Medicare Supplement Retiree Healthcare Plan*. A Benefits Summary for 2014 is enclosed. Just as occurred in past years, your co-pays for mail order drugs will increase by 5%. Remember, the Plan also now requires that you use the mail order pharmacy for maintenance prescriptions.

Creditable Coverage Notice: This notice verifies that you have creditable drug coverage under the Plan. This means that the coverage provided under the Plan is at least as good as the coverage under a Medicare Part D plan. Please keep this notice in your permanent records.

Means Test: Certain low income Plan participants may be eligible to have their co-pays for mail order drugs and/or their premiums reduced. To be eligible for these benefits, your combined household adjusted gross income, as reported to the Internal Revenue Service in the immediately preceding tax year, must be at or below 250% of the federal poverty guidelines for your family size for that year. This does not apply to all individuals; for example, former City employees who retired and/or began receiving an annuity on or after July 1, 2005 based on less than 10 years of City service, are not eligible for the Means Test. As part of the application process you must provide a release that allows the City to receive a copy of your most recently filed tax return.

(See Reverse Side)

If your annual annuity amount is less than 250% of the federal poverty level for 2013, a Means Test application will be sent to you under separate cover. (250% of the federal poverty level for a single person for 2013 is $28,725; for a couple it is $38,775.) If your annuity is more than that but you believe that your adjusted gross income may qualify you for the benefit based on your family size, you may call the benefits service center at 1-877-299-5111, or you may find the application at cityofchicago.org/benefits/supporting documentation.

Important Reminder About Medicare Enrollment: You are Medicare eligible and should have applied for Medicare, both Part A and Part B. Failure to apply for Medicare can hurt you financially because you are in the Medicare supplement plan. If you have not applied for Medicare you need to do so and provide the benefits management office and your pension fund with a copy of the Medicare card. You are in the Medicare supplement plan and you will face financial consequences for not taking the necessary steps to secure Medicare enrollment. *Note: If you are not eligible for free Part A based on your work record or your spouse's or former spouse's work record, you must provide the benefits management office with the letter from Social Security advising us of this. Failure to provide us the proper documentation does not mean that you will be placed in the plan for non-Medicare eligible retirees.*

Please call the benefits service center at 1-877-299-5111 if you have any questions about this letter.

Sincerely,

Nancy Currier
Benefits Manager

CITY OF CHICAGO
MONTHLY RATES FOR RETIREE HEALTHCARE PLANS
EFFECTIVE DATE - JANUARY 1, 2014

THE FOLLOWING RATES ARE APPLICABLE FOR EMPLOYEES WHO BECAME RETIREES
ON OR AFTER AUGUST 23, 1989 AND BY JULY 1, 2005

CATEGORY	PLAN	MONTHLY CONTRIBUTION RATES
RETIREE		
	MEDICARE	$112
	NON-MEDICARE	$499
RETIREE AND SPOUSE		
	MEDICARE/MEDICARE	$281
	MEDICARE/NON-MEDICARE	$698
	NON-MEDICARE/MEDICARE	$668
	NON-MEDICARE/NON-MEDICARE	$1,072
RETIREE AND CHILD(REN)		
	MEDICARE/CHILD(REN)	$302
	NON-MEDICARE/CHILD(REN)	$675
RETIREE, SPOUSE AND CHILD(REN)		
	MED/MED/CHILD(REN)	$470
	MED/NON/CHILD(REN)	$874
	NON/MED/CHILD(REN)	$844
	NON/NON/CHILD(REN)	$1,248
CHILD(REN)		
	CHILD(REN)	$103

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#2

PLAN AHEAD FOR IMPORTANT 2014

RETIREMENT HEALTHCARE BENEFITS

In May 2013 you received a letter informing you that, in light of the evolving landscape of national healthcare and challenges faced by Chicago taxpayers, changes to the City of Chicago's retiree healthcare benefits would be implemented starting in 2014. The relevant information provided in that letter is summarized here so that you have it as you review the details of your healthcare coverage for the 2014 plan year, which are summarized in the documents provided in this mailing.

As a reminder, the City of Chicago extended retiree coverage and benefits through December 2013 in an effort to maintain current coverage for a full plan year and allow you time to plan and prepare for 2014.

Importantly, for City retirees who retired prior to August 23, 1989, in 2014 and beyond, the City will substantially subsidize your health benefits. In short, the City will provide a healthcare plan with a contribution from the City of up to 55% of the cost of that plan for your lifetime.

For City retirees who retired on or after August 23, 1989, in 2014 the City will provide a subsidy towards the cost of your health benefits if you have at least 10 years of City service, but there will be some changes to that subsidy. It is important to note that the 2014 healthcare plan will include*:

- ✓ **Blue Cross Blue Shield PPO network and prescription coverage.**
- ✓ **No increase in the co-pays, deductibles or out-of-pocket cost other than the same small percentage increases that occurred annually in the prior plan.**
- ✓ **90% coverage for PPO hospital expenses and doctor visits, after deductible.**
- ✓ **Generous Medicare supplemental coverage for Medicare recipients, including prescription drugs.**
- ✓ **The additional City premium subsidy available to low-income retirees is improved to include retirees at or below 250% of the federal poverty level; the subsidy in the prior plan was capped at 200%.**

With the changes taking place in the national healthcare market, we will assist retirees in obtaining the information needed to navigate the options available for their healthcare needs going forward, both for Medicare and non-Medicare eligible retirees. Other options for coverage for 2014 and beyond:

- Retirees not eligible for Medicare will have a broad range of healthcare plan options available to them as the Illinois health insurance exchange goes into effect in 2014.
- Retirees who are eligible for Medicare will receive Medicare coverage, and supplemental Medicare plans are available from many insurance companies – as there are today.

Please note – **A recently enacted state law provides for a pension fund subsidy of $95 per month for non-Medicare eligible retirees and $65 per month for retirees eligible for Medicare through 2016, saving you thousands of dollars in healthcare costs in the coming years.**

*The Plan Document defines and controls the terms of the benefits provided.

The City will continue to provide you relevant updates on these matters going forward.

For information about plan changes, call 1-877-299-5111
or visit **www.cityofchicago.org**

To learn more about the Illinois health insurance exchange plans, call 1-866-311-1119
or visit **www.GetCoveredIllinois.gov**

To download the Retiree Healthcare Benefits Commission ("RHBC") report, visit
www.cityofchicago.org/city/en/depts/fin/provdrs/ben.html

CITY OF CHICAGO

BENEFITS SUMMARY†
Effective January 1, 2014

†The plan document defines and controls the terms of the benefits provided.

Medicare Supplement Retiree Healthcare Plan

The Medicare Supplement Retiree Healthcare Plan pays the percentages listed below after you Medicare and any annual deductibles. The maximum amount that the Plan will pay is based on the Medicare allowable charge.* Services must be medically necessary.

Medical Benefits	Coverage
Lifetime Maximum	$1.5 million per person for medical and prescription drug benefits [1]
Plan Deductible [2]	$100 per person each calendar year (separate from Medicare Part B deductible)
Hospitalization	
Days 1 – 60	You pay $50 of the Medicare Part A Inpatient Deductible for the first hospital stay in each calendar year. Plan pays all but $50 of Medicare Part A Inpatient Deductible for the first hospital stay each calendar year.
Days 61 – 90	You pay 0. Plan pays 100% of the Medicare daily copayment, which is 25% of the Medicare Part A Inpatient Deductible.
Days 91 – 150	You pay 0. Plan pays 100% of the Medicare daily copayment, which is 50% of the Medicare Part A Inpatient Deductible.
Additional Days	Additional days may be covered under Medicare Part A and/or the Plan.
Skilled Nursing Facility	
Days 1 – 20	You pay 0. Medicare pays 100% of first 20 days each Medicare Benefit Period.
Days 21 – 100	You pay 0. Plan pays 100% of the Medicare daily copayment, which is 1/8 of the Medicare Part A Inpatient Deductible.
Additional Days	You pay 100%. No Medicare or Plan benefits are paid after 100 days in a Medicare Benefit Period.
Other Covered Services	Plan pays 20% of Medicare approved amount after Part B deductible and Plan deductible.
Out-of-Country Services	If you are in a foreign country and are hospitalized due to an emergency, the Plan pays 80% of eligible charges for medically necessary services during the first 60 days of your hospitalization. Benefits are subject to a $250 calendar year deductible. The total lifetime maximum that the City's Plan pays is limited to $50,000
Diabetic Supplies	Medicare Part B covers diabetic supplies such as glucose testing monitors, blood glucose test strips, lancets, and glucose control solutions. There may be limits on supplies or how to get them. Ask your pharmacy or supplier if they are enrolled in the Medicare program. If they are not, Medicare will not pay and neither will the City's Plan because the City's Plan is only a supplement to Medicare. If you have paid the yearly Part B deductible as well as the City's $100 annual deductible, the City will pay 20% of the Medicare approved amount.

[1] The lifetime maximum includes expenses paid under both the Non-Medicare and Medicare plans combined.

[2] Medicare Part A and Medicare Part B: **No expense is covered by the Plan if Medicare does not cover it unless otherwise specified.** If you are only enrolled in Medicare Part A, the Plan will pay benefits as though you are enrolled in both Medicare Part A and Medicare Part B.

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Rev. 10/2013

(See Reverse Side)

Prescription Drug Benefits	Coverage
Caremark Retail Pharmacy – up to a 30 day supply or 100 unit dose (whichever is less)	After you've met the separate $100 annual prescription drug deductible (does not apply to Means Test Eligible Retirees),*** for each prescription, you pay: • 20% of the contracted cost for generic drugs • 20% of the contracted cost for formulary brand name drugs*** when no generic is available • 20% of the contracted cost plus $15 for non-formulary brand name drugs**** when no generic is available
Mail Order Program - Up to a 90 day supply	For each prescription, you pay: • $25 for 2014 ($7 for Means Test Eligible Retirees) for generic drugs • $65 for 2014 ($20 for Means Test Eligible Retirees) for formulary brand name drugs when no generic is available **Note: non-formulary brand name medications are not available through the mail order program.**
Restrictions: Why choose a generic?	If a brand name drug is dispensed when a generic alternative is available, you pay the difference in cost between the generic and the brand name as well as the generic copayment. The Plan will not pay more than it would pay for the generic medication, if you buy a brand name drug when a generic alternative is available.
Generic Step Therapy Program for generics available in the therapeutic class	If you elect to purchase a brand medication without trying an appropriate generic medication in the same therapeutic class, you will pay the full cost of the medication. **If you try the generic medication and your physician finds that the generic medication is not effective in treating your condition, you will be able to receive the brand medication at the copayment applicable to non-formulary or formulary.**
Specialty Medications	If you do not try the preferred medication for the therapeutic class, you will pay the full cost of the medication. If you try the preferred specialty medication and it is not effective in treating your condition, you will be able to receive a non-preferred formulary drug.
Mandatory Mail Order	Requiring the use of mail order will reduce costs for the City and Retirees. After 2 fills of your generic or formulary brand medication at a retail pharmacy, you will be required to use mail order for any additional fills through CVS-Caremark in Mount Prospect, IL. If you do not use the mail order program for your 3rd or any subsequent fills, you will pay the full cost of the prescription. If your medication is non-formulary, however, you must continue to use the retail pharmacy.
Out-of-network pharmacy reimbursement	If you do not go to a network retail pharmacy, you pay the full amount when you pick up your prescription. You must then submit a receipt for reimbursement. The Plan will pay 60% of the Plan's cost, after you've met the deductible (if applicable). There is no formulary list if you go to an out-of-network pharmacy.

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Notice of Prescription Drug Creditable Coverage
City of Chicago Retiree Healthcare Plan

The City of Chicago has determined that Retiree Healthcare Plan prescription drug benefits are, on average, "creditable coverage," which means the City's coverage is expected to pay as much (or more in some cases) as standard Medicare Prescription Drug Coverage.

Because the City's prescription drug benefits are creditable coverage, you can choose to stay covered under the City's Plan and join a Medicare plan later and not be subject to the higher Medicare premium penalty.

Keep this Notice. If you enroll for Medicare Prescription Drug Coverage, you may need a copy of this Notice when you enroll. This Notice verifies that you have creditable coverage and that you are not required to pay the higher premium penalty.

Your Choices and the Consequences

You should compare your current coverage with the coverage and cost of the Medicare plans in your area. Regardless of whether or not you or a dependent enroll for Medicare Prescription Drug Coverage, you will continue to receive your current prescription drug benefits under the City's Plan (as long as you or your dependent are otherwise eligible to continue the City's coverage). Remember that the City's Plan also covers medical benefits, in addition to prescription drug benefits. **The premium you pay for coverage under the City's Plan will not be affected by whether or not you enroll in Medicare Prescription Drug Coverage.**

However, if you or a dependent are eligible and enroll for Medicare Prescription Drug Coverage, your or your dependent's prescription drug benefits under the City's Plan will be secondary to, and will be coordinated with, your Medicare Prescription Drug Coverage. Also, remember that for most people there is a monthly premium for Medicare Prescription Drug Coverage.

Important Note: If you or a dependent are eligible for Medicare, drop or lose your coverage with the City, and do not enroll for Medicare Prescription Drug Coverage after your current coverage ends, you may pay more for Medicare Prescription Drug Coverage later. If you go 63 days or longer without prescription drug coverage that is at least as good as Medicare Prescription Drug Coverage, your monthly premium for Medicare Prescription Drug Coverage will increase. The increase will be 1% per month for every month that you were eligible for but did not have coverage. For example, if you go 19 months without coverage, your monthly premium will always be 19% higher than what most other people pay. You will have to pay the higher premium penalty as long as you have Medicare Prescription Drug Coverage. In addition, you may have to wait until the next open enrollment period (October 15 through December 7 each year) to enroll.

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(TURN THIS PAGE OVER FOR MORE INFORMATION)

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More information about Medicare Prescription Drug Coverage is available in the "Medicare & You" handbook that Medicare publishes and sends to Medicare beneficiaries each fall. You may also be contacted directly from Medicare prescription drug plans.

To get more information, you can:

- Visit www.medicare.gov for personalized help.
- Call your State Health Insurance Assistance Program (the telephone number is in the "Medicare & You" handbook).
- Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

For people with limited income and assets, extra help paying for a Medicare Prescription Drug Coverage is available. Additional information is available from the Social Security Administration by:

- Visiting www.socialsecurity.gov/prescriptionhelp.
- Calling 1-800-772-1213 (TTY users should call 1-800-325-0778).

For More Information About this Notice or the City's Prescription Drug Benefits

If you have any questions about this Notice or would like more information about your prescription drug benefits under the City's Plan, please call the Benefits Management Office.

You may receive this Notice at other times in the future, such as before the next period you can enroll in Medicare Prescription Drug Coverage or if the City's coverage changes. You also may request a copy at any time from the Benefits Management Office.

Date of Notice:	September 2013
Entity/Sender:	The City of Chicago
Contact:	Benefits Management Office
Address:	333 South State Street, Room 400, Chicago, Illinois 60604-3978
Telephone Number:	1-877-299-5111
Web Site:	www.cityofchicago.org/benefits

MEDICARE PART D ENROLLMENT

Medicare provides the City of Chicago enrollment information on Medicare Part D participants who also have City of Chicago coverage. If you or a covered dependent enroll in a Part D plan, or are defaulted into a Part D plan because of eligibility for a State or Federal program, and you want to disenroll, you must call Medicare. They will provide you with the necessary information to disenroll. You must then notify the Benefits Management Office so we can update our records.

Benefits under the City of Chicago Retiree Healthcare Plan may be modified, reduced, or terminated as specified in the legal documents that establish the Plan. The City expressly reserves all rights to make amendments or terminate the Plan as allowed by the legal documents that establish the Plan.

EXHIBIT 7

DEPARTMENT OF FINANCE
CITY OF CHICAGO

October 10, 2013

Dear Retiree,

Earlier this week, you received monthly rates for retiree healthcare plans in 2014. It has come to our attention that due to a printer error, some healthcare plan participants may have received incorrect rate sheets.

Please review the enclosed rate sheet which contains the correct information.

For further information about plan changes, please call 1-877-299-5111.

Sincerely,

Nancy Currier
Benefits Manager

CORRECTED RATE SHEET 10/10/13

CITY OF CHICAGO
MONTHLY RATES FOR RETIREE HEALTHCARE PLANS
EFFECTIVE DATE - JANUARY 1, 2014

THE FOLLOWING RATES ARE APPLICABLE FOR EMPLOYEES WHO BECAME RETIREES AFTER JULY 1, 2005

		FOR RETIREES WITH YEARS OF SERVICE OF:			
CATEGORY	PLAN	20 YEARS	15-19 YEARS	10-14 YEARS	LESS THAN 10 YEARS
RETIREE					
	MEDICARE	$121.00	$132.00	$144.00	$233.00
	NON-MEDICARE	$489.00	$524.00	$559.00	$840.00
RETIREE AND SPOUSE					
	MEDICARE/MEDICARE	$299.00	$321.00	$343.00	$517.00
	MEDICARE / NON-MEDICARE	$697.00	$743.00	$788.00	$1,154.00
	NON-MEDICARE / MEDICARE	$667.00	$713.00	$758.00	$1,124.00
	NON-MEDICARE / NON-MEDICARE	$1,051.00	$1,120.00	$1,189.00	$1,739.00
RETIREE AND CHILD(REN)					
	MEDICARE / CHILD(REN)	$299.00	$320.00	$342.00	$517.00
	NON-MEDICARE / CHILD(REN)	$653.00	$698.00	$742.00	$1,101.00
RETIREE, SPOUSE AND CHILD(REN)					
	MED/MED/CHILD(REN)	$476.00	$509.00	$541.00	$801.00
	MED/NON/CHILD(REN)	$860.00	$916.00	$971.00	$1,416.00
	NON/MED/CHILD(REN)	$830.00	$886.00	$941.00	$1,386.00
	NON/NON/CHILD(REN)	$1,215.00	$1,293.00	$1,372.00	$2,000.00
CHILD(REN)					
	CHILD(REN)	$91.00	$102.00	$113.00	$203.00

BMO 10/02/13
BA/070205

#1

CORRECTED RATE SHEET 10/10/13

CITY OF CHICAGO
MONTHLY RATES FOR RETIREE HEALTHCARE PLANS
EFFECTIVE DATE - JANUARY 1, 2014

THE FOLLOWING RATES ARE APPLICABLE FOR EMPLOYEES WHO BECAME RETIREES ON OR AFTER AUGUST 23, 1989 AND BY JULY 1, 2005

CATEGORY	PLAN	MONTHLY CONTRIBUTION RATES
RETIREE		
	MEDICARE	$110
	NON-MEDICARE	$454
RETIREE AND SPOUSE		
	MEDICARE/MEDICARE	$277
	MEDICARE/NON-MEDICARE	$651
	NON-MEDICARE/MEDICARE	$621
	NON-MEDICARE/NON-MEDICARE	$982
RETIREE AND CHILD(REN)		
	MEDICARE/CHILD(REN)	$277
	NON-MEDICARE/CHILD(REN)	$608
RETIREE, SPOUSE AND CHILD(REN)		
	MED/MED/CHILD(REN)	$444
	MED/NON/CHILD(REN)	$805
	NON/MED/CHILD(REN)	$775
	NON/NON/CHILD(REN)	$1,136
CHILD(REN)		
	CHILD(REN)	$80

BMO 10/02/13
OA/082389

#2

EXHIBIT 8

Index No. ________

STATE OF ILLINOIS)
) SS **AFFIDAVIT**
COUNTY OF COOK)

To: Clinton A. Krislov, Esq.
KRISLOV & ASSOCIATES, LTD.
333 West Wacker Drive, Suite 2600
Chicago, Illinois 60606-1218
Telephone: (312) 606-0500

RE: Retired Chicago Police Assn. v. City of Chicago, et al., United States District Court (N.D. Ill.) 90 Civ. 407

I authorize you to present the following information to the Court under penalty of perjury:

1. I am an annuitant of the X Police ____ Fire ____ Municipal ____ Laborers' Fund and a participant in the City of Chicago Annuitant Healthcare Program since my date of retirement, 1 AUGUST, 1988, following 31 years of service.

2. I ____ did ____ did not attend a Pre-Retirement Seminar on or about MAR 1987, 19____, at which I was advised of the City's healthcare coverage, that I would have such coverage upon the following terms: until I reached the age when I would be covered by Medicare ____ for life (Yes/No).

3. I believe that I am entitled to lifetime healthcare coverage under the City's Annuitant Healthcare Plan in effect when I retired because This was one of the benefits I was told I would receive and could count on during my retirement.

4. I and/or my spouse or dependents have the following existing medical conditions which would prevent me from obtaining alternative coverage either at all or except at unaffordable cost: We have no medical problems.

5. The March 1, 1990 increase in the City's healthare rates would cause me a special hardship because: The amount of increase is high and with the large real estate tax I received I would have to seek full time employment.

6. I ____ do ____ do not have sufficient calendar quarters to qualify for Medicare upon reaching age 65.

7. Other Comments (use back or additional page if necessary)

Name: Harry Belluomini
Address: 7224 W. Pratt
Chgo ILL 60631
Telephone: 312-763-6339
Social Security No.: 350-21-2742
Date of Birth: 8 Oct 1933 Age: 56 years
Coverage Category: Self X Spouse X Children ____

SUBSCRIBED AND SWORN to before me this 1st day of March, 1990.

Margaret A. Zurek
Notary Public

OFFICIAL SEAL
MARGARET A. ZUREK
NOTARY PUBLIC STATE OF ILLINOIS
MY COMMISSION EXP. JAN.13,1992

Harry Belluomini
Signature

EXHIBIT 9

No. 115811
IN THE SUPREME COURT OF ILLINOIS

Roger Kanerva, Susan Haury, Mary Frances Welters, Colleen Votsmier and Neil Hoover, on Behalf of a Class of Persons Similarly Situated,	)	On Motion for Direct Appeal Pursuant to Rule 302(b) Previously in the Appeallte Court of Illinois, Fourth Judicial District, No. 4-13-0242
Plaintiff-Appellants,	)	There on Appeal from the Circuit Court of the Seventh Judicial Circuit, Sangamon County, No. 2012 MR 582
v.	)	
Malcom Weems, Director of the Illinois Department of Central Management Services; The Board of Trustees of the State Employees' Retirement System ofIllinois; and Judy Barr Topinka, Comptroller of the State of Illinois,	)	Consolidated with: Sangamon County, No. 2012 L 162 Madison County, No. 2012 L 987 Randolph County, No. 2012 L 35 The Honorable Steven H. Nardulli Judge Presiding
Defendant-Appellees.		

Amicus Curiae Brief
By Certified Classes of Participants in the City of Chicago Annuitant Healthcare Plans

Submitted by
The Korshak and Window Participant Classes
Of Participants in the City of Chicago Annuitant Healthcare Plans

By: Class Counsel
Clinton A. Krislov
Krislov & Associates, Ltd.
Civic Opera Building
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Chicago, Illinois 60606
312-606-0500
clint@krislovlaw.com

Dated: July 8, 2013

Points and Authorities

Reasons for *Amicus Curiae* Brief

This is an *amicus curiae* brief on behalf of certified classes of participants in the City of Chicago's annuitant healthcare programs, who have, from 1987 to the present, been in ongoing litigation with the City and their respective Funds' trustees, over the issue of retiree healthcare. Pursuant to the most recent interim settlement, we are resuming the pursuit of their rights to lifetime healthcare coverage under the City of Chicago's annuitant healthcare plans.

These participants have been repeatedly certified as classes of participants in litigation known as the "Korshak" case, which has proceeded from 1986 to the present, in the Circuit Court of Cook County, (Docket No. 01CH4962, prev. 87CH10134) as well as the First District Appellate Court (No.1-98-3465), the most recent settlement of which covered the period through June 30, 2013, with the right of participants to revive the litigation to assert their rights to permanent (i.e., lifetime) healthcare coverage in their retirement, which we have recently revived in the Circuit Court of Cook County.

While we recognize and support the State Employees' Claims under various theories of Vesting[1], Contract, and Estoppel[2], we write for the sole purpose to alert the Court regarding certain important misstatements of facts and law in the Sangamon County Circuit court's March 19, 2013 Order, which, in turn, were the basis of the court's broad and inaccurate declaration that "Health insurance benefits are not guaranteed pension benefits protected by the Pension Protection Clause."

As we will show herein, (1) the clause protects "benefits of participation" in a retirement fund, not just "pensions", (2), the Pension Code *does* explicitly create

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[1] *Marconi v. City of Joliet*, 2013 IL App (3d) 110865 (May 2, 2013) at ¶¶34, 38 and 45.
[2] *Dell v. City of Streator*, 193 Ill.App.3d 810 (3d Dist. 1990).

healthcare benefits for some retirees, such as the City of Chicago participants, whose healthcare benefits have been in the Pension Code since at least 1983, and (3) the Sangamon County Court's broad declaration that healthcare benefits are not protected, beyond being merely wrong, threatens the legitimate entitlement of participants whose healthcare benefits *are* explicitly declared in the Pension Code as benefits of participation in their particular Fund.

Accordingly, we respectfully submit that, in order to avoid inappropriate collateral damage to retirees whose claims actually stem from explicit Pension Code provisions, this honorable Court should reverse Circuit Judge Nardulli's holding, or at least parse back his broad declarations to only the law applicable to this case, and remand with instructions or a declaration of the law in a way that accurately reflects both the Illinois Constitution, the Illinois Pension Code, as well as contract law in this area.

I. 1970 Illinois Constitution's Article XIII § 5 Explicitly Protects "benefits of participation" in a Government Retirement System, Not Just "pensions."

The colloquialism "Pension Protection Clause" is shorthand that people sometimes use to identify the clause misstates both its actual language and meaning. What is protected is not just the receipt and amount of pension payments. At minimum, the clause protects beneficiaries' "benefits of participation" contained in the Pension Code.

As this court's previous decisions make clear, the fundamental meaning of the Constitution's Art. XIII, §5 protections, is that "the Clause safeguards the pension benefit rights contained in the Pension Code when a public employee begins contributing to the pension system whether or not the employee is eligible to retire." [3]

Or, in the court's own words, from the controlling decision *Buddell v. Board of Trustees, State University Retirement System of Illinois*, 118 Ill.2d 99, at 104-5 (1987):

> In our case the rights claimed by the plaintiff are those that were contained within the Pension Code itself and not provided for in some statutory provision relating to other matters which incidentally affect pension benefits. The right to purchase pension credit for military service was contained within the Pension Code when the plaintiff entered the employment in 1969, and was contained in the Pension Code on the effective date of our 1970 Constitution. Whether the plaintiff's pension rights were, at the time of his initial employment, contractual or noncontractual is not important. **There can be no doubt, however, that upon the effective date of article XIII, section 5, of our 1970 Constitution, the rights conferred**

[3] Madiar, Eric Michael, *Is Welching on Public Pension Promises an Option for Illinois? An Analysis of Article XIII, Section 5 of the Illinois Constitution* (May 7, 2013) at 36. Available at SSRN: http://ssrn.com/abstract=1774163. (The article is perhaps the best analysis of virtually all known cases dealing with these issues, from Illinois and elsewhere.)

> upon the plaintiff by the Pension Code became contractual in nature and cannot be altered, modified or released except in accordance with usual contract principles. (Emphasis added.)

II. The Pension Code Does Establish Health Benefits for Participants of Some Funds, and Have Been in the Pension Code Since at Least 1983.

1. The Declaration below that "the Pension Code does not provide for health insurance subsidies" is simply wrong.

Contrary to the court's declaration below that "the Pension Code does not provide for health insurance subsidies", the fact is: there are numerous provisions in the Pension Code providing health insurance benefits or subsidies under a variety of Pension Code-established systems:

Art.5:	Policemen's Annuity and Benefit Fund-Cities Over 500,000; Group Health Benefits 40 ILCS 5/5-167.5
Art. 6:	Firemen's Annuity and Benefit Fund-Cities Over 500,000; Group Health Benefits 40 ILCS 5/6-164.2
Art. 8:	Municipal employees', Officers and Officials' annuity and Benefit Fund – Cities over 500,000 inhabitants; Group Health Benefits 40 ILCS 5/8-164.1
Art. 9:	County Employees' And Officers' Annuity and Benefit Fund – Counties over 3,000,000 inhabitants – Group Healthcare Benefits 40 ILCS 5/9-239 (P.A. 86-1025, 87-794)
Art. 11:	Laborers' and Retirement Board Employees Annuity and Benefit Fund – Cities Over 500,000 inhabitants – Group Health Benefits 40 ILCS 5/11-160.1
Art. 12:	Park Employees' and Retirement Board Employees' Annuity and Benefit Fund – Cities Over 500,000 inhabitants; Group Health Benefits 40 ILCS 5/12-190(b).
Art. 16:	Teachers' Retirement System of the State of Illinois – ability to participate in group health benefits for active employees, 40 ILCS 5/16-150.1
Art. 17:	Public School Teachers' Pension and Retirement Fund – Cities of Over 500,000 inhabitants; 40 ILCS 5/17-142.1
Art. 22:	Division 1-Transit Authorities; Group Health Benefits in 40 ILCS 5/22-101B

2. The Group Health Benefits and Subsidies for Participants in Four City of Chicago Annuity & Benefit Funds, have been explicitly in the Pension Code since at least 1983.

Contrary to Sangamon County Judge Nardulli's declaration that "[t]he terms of the Illinois Pension Code, 40 ILCS 5/1 et seq., do not provide for health insurance subsidies…." Decision at Page 4 of 7), Group Health benefits and subsidies for participants in the City of Chicago's four relevant annuity and benefit funds have existed continuously in the Illinois Pension Code since at least 1983. (Ill Stat. ch 108-1/2, (now 40 ILCS), ¶/§ 5-167.5 (Police), 6-164.2 (Firemen), [created by P.A. 82-1044, effective 1/1/1983], 8-164.1 (Municipal Employees) and 11-160.1 (Laborers) [added by P.A. 84-23, eff. 7/18/1985; subsequently amended by P.A. 86-273 eff. Aug. 23, 1989; P.A. 90-32, §5, eff. June 27, 1997; P.A. 92-599, §10, eff. June 28, 2002; P.A. 93-42, §5, effective July 1, 2003; most recently by P.A.98-43, enacted June 28, 2013, explicitly extending the subsidies by the four City of Chicago Annuity & Benefit Funds to December 31, 2016.

<u>Group Health Benefits for City Annuitants have been a benefit of Participation in the City's Annuity & Benefit Funds since at least 1982.</u>

<u>The City Had Historically Paid For Retiree Healthcare Costs</u>. Since the mid-1970's, the City had been paying a significant portion of the costs of the annuitants' medical benefits. Indeed, the City has actually functioned as the self-insured carrier for the annuitants' health care plans for all four relevant Funds.

In 1982, the City of Chicago's annuitant healthcare plan was incorporated into the Pension Code as the statutory embodiment of a "handshake" agreement between the City's Byrne administration, the Police and Fire Unions and/or Funds trustees-- under which the Plans were obligated to obtain coverage for their participants, the City agreed to provide healthcare coverage to annuitants at a fixed-rate monthly premium($55 for non-Medicare qualified, $21 for Medicare-qualified persons) that was to be subsidized by the Police and Fire Funds' payment of the annuitant's monthly premium, that was in turn financed by a special tax levy for the Funds. This was understood and intended to be both a benefit of a person's employment by the City and participation in the annuitant's respective annuity and benefit fund.

Statutory Levy/Subsidy. Incorporating this agreement, P.A.82-1044 was enacted into the Illinois Pension Code obligating the Policemen's Fund (5-167.5) and the Firemen's Fund (6-164.2) to contract to provide group health insurance for all annuitants, with the basic monthly premium to be contributed by the City in an amount of $55.00 per month for annuitants who are not qualified for the Medicare program; $21.00 for Medicare-qualified annuitants.

No Medicare Coverage For Retirees whose original hire date precedes March 1, 1986. One of the recognized needs for this protection was that local government employees who were originally hired prior to the March 31, 1986 effective date of the federal Combined Omnibus Budget Reconciliation Act of 1985 ("COBRA," PL 99-272) cannot qualify for healthcare coverage under the Medicare plan by their government employment, regardless of their length of service. Accordingly, none of the class members of the 1987 Participant Class or the Pre-8/23/89 retiree participants Class qualify for Medicare coverage by reason of their public employment.

Unique Position of these retirees, and their substantial numbers. Although the class member annuitants who began their service for the City prior to March 1, 1986 are the last class of City workers who will not be protected by the Medicare program, their numbers are substantial, the last of whom could not have begun retiring before 2006.

Establishment of Group Health Benefits as a Benefit of Participation in the City's Funds: Police And Firemen's Funds. Since January 12, 1983, and continuing through 8/22/1989 (the date of enactment of P.A.86-273) Pension Code Sections 5-167.5, 6-164.2, respectively, required the Police and Firemen's Funds' Boards to each contract for group health insurance and required the City to pay for a portion of its cost, for electing annuitants, out of the City's levy for its contribution to the Police Fund.

* * *

> (b) The Board shall contract with one or more carriers to provide health insurance for all annuitants.
>
> * * *
>
> (d) The Board shall pay the premiums for such health insurance for each annuitant with funds provided as follows:
>
> The basic monthly premium for each annuitant shall be contributed by the city from the tax levy prescribed in Section 5-168 [6-165 for Firemen's Fund], up to a maximum of $55 per month if the annuitant is not qualified to receive Medicare benefits, or up to a maximum of $21 per month if the annuitant is qualified to receive Medicare benefits.
>
> If the basic monthly premium exceeds the maximum amount to be contributed by the city on his behalf, such excess shall be deducted by the Board from the annuitant's monthly annuity, unless the annuitant elects to terminate his coverage under this Section, which he may do at any time.

The agreement reflected mutual desires of the Participants, the City and the Funds,[4] but the key part of the statutory structure was that Participants received their health benefits from the Funds.

Statutory Subsidy: Municipal And Laborers' Funds. During 1984, legislation was added to the Illinois Pension Code, P.A. 84-23, establishing similar Group Health Care Plans under the Pension Code for Municipal and Laborers Funds annuitants. Here too, the plan was one provided by the Fund.

The Municipal and Laborers' Funds statutory directive for group health benefits differed from Fire and Police. The Municipal and Laborers' Boards were directed to "approve" a plan, and were to subsidize the coverage at a flat $25.00 per month. Section 11-160.1 Ill.Rev.Stat. Ch. 108-1/2, Sec. 11-160.1 (eff. August 16, 1985) for the Laborers' Fund, Pension Code Section 8-164.1, Ill.Rev.Stat Ch. 108-1/2, Sec. 8-164.1 (eff. July 19, 1985) for the Municipal Fund. Those statutes provide in relevant part:

> "Each employee annuitant in receipt of an annuity on the effective date of this Section and each employee who retires on annuity after the effective date of this Section, may participate in a group hospital care plan and a group medical and surgical plan approved by the Board if the employee annuitant is age 65 or over with at least 15 years of service. The Board, in conformity with its regulations, shall pay to the organization underwriting such plan the current monthly premiums up to the maximum amounts authorized in the following paragraph for such coverage.

[4] The City was able to provide a valuable benefit without having to fund a pay increase out of its budget; the Funds were able to contract for the healthcare coverage (with the City as the carrier) without invading their pension assets, and the Police and Fire employees and annuitants could anticipate and rely on adequate healthcare for life at no net cost to the annuitant, fixed-rates for coverage of spouses and dependents.

> As of the effective date the Board is authorized to make payments up to $25 per month for employee annuitants age 65 years or over with at least 15 years of service.
>
> If the monthly premium for such coverage exceeds the $25 per month maximum authorization, the difference between the required monthly premiums for such coverage and such maximum may be deducted from the employee annuitant's annuity if the annuitant so elects; otherwise such coverage shall terminate."

Municipal and Laborers provisions purport to create non-protected benefits.

Different from the already existing provisions for Police and Firemen, the 1984 legislation creating Pension Code Sections 8-164.1 and 11-160.1 characterized the group hospital and medical care benefits provided for Municipal and Laborers' Funds participants as *not* being pension or retirement benefits under Section 5 of Article XIII of the Illinois Constitution of 1970. Subsequent amendments of the City's annuitant Group Health benefits have adopted similar language, purporting to define the Group Health benefits as not those protected by Art. XIII, §5.[5]

Legal issue of the legality of creating a non-protected benefit of participation. It has never been determined that the Municipal and Laborers Funds' limiting statutory language is effective to strip these benefits of participation in a statutory pension plan of their Art. XIII, Sec. 5 protection against diminution or impairment.

Prior to August 23, 1989, the Police and Fire provisions had never contained such limiting language. See Pension Code §§5-167.5 and 6-164.2. Consequently, regardless of whether the limiting language is effective at all, there is no dispute that the those

[5] P.A. 90-32, §5, eff. June 27, 1997; P.A. 92-599, §10, eff. June 28, 2002; P.A. 93-42, §5, effective July 1, 2003; most recently by P.A.98-43, enacted June 28, 2013, explicitly extending the subsidies by the four City of Chicago Annuity & Benefit Funds to December 31, 2016.

Chicago Police and Fire annuitant participants, whose participation began before the August 23, 1989 P.A. 86-273 have healthcare benefits that are both contained in the Pension Code and protected by Article XIII, §5 against being diminished or impaired.

III. The Decisions from Sister States with Similar Constitutional Provisions Can be Harmonized with Illinois Decisions by Applying the Protection to Benefits Established for Participants in Retirement Systems.

Indeed the oft-cited decisions from Alaska[6], Hawaii[7] and New York[8], may be harmonized by this rule: regardless of the other concepts under which retiree healthcare benefits may be protected, those that are contained within the retirement system's statutory provisions[9] or flow from one's being a participant in the retirement system[10] obtain the additional State constitutional protections for "benefits of participation," while healthcare provisions contained in other statutes, such as State Civil Service[11] or employment Laws may well find their protections elsewhere. Nonetheless, the holdings from all cited jurisdictions uniformly declare that healthcare benefits are protected by the State Constitutions' similar provisions where the healthcare provisions are contained in the retirement systems' statutes (such as our Pension Code) are protected by constitutional provisions.

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[6] *Duncan v Retired Public Employees of Alaska*, 71 P.3d 882 (S.Ct.Alaska June 13, 2003)
[7] *Everson v State of Hawai'i*, 122 Hawai'i 402, 228 P.3d 282 (S.Ct.Hawai'i, March 25, 2010)
[8] *Lippman v Bd. Of Ed. Sewanhaka Cent. H.S.D.*, 66 N.Y.2d 313, 496 N.Y.S2d 987, (Court of Appeals, Nov. 26, 1985)
[9] *Duncan*, 71 P.3d at 885, fn4: applicable statute reads: "Each person who is entitled to receive a monthly benefit from the retirement system shall be provided with major medical insurance coverage."
[10] *Everson*, 122 Hawai'i at 419-420.
[11] *Lippman*, 66 N.Y.2d at 319, noting "The more particularly is this so because the health insurance premium payment provision is contained not in the Retirement and Social Security Law but in Civil Service Law §167, which provides health insurance benefits not only to retired employees but also to employees still in service…"

IV. Conclusion

Accordingly, the Participant Classes in the City of Chicago Annuitant Group Health Plans respectfully request this honorable court to reverse the decision below and remand with directions to revise the court's declarations below, so as not to harm the claims of other Annuitant Group Health Participants, whose entitlement to benefits is explicitly established in the Pension Code.

Respectfully submitted,

Korshak and Window Participant Classes
By Class Counsel:

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Kenneth T. Goldstein
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ken@krislovlaw.com

EXHIBIT 10

No. 115811

IN THE
SUPREME COURT OF ILLINOIS

ROGER KANERVA, et al., on Behalf of a Class of Persons Similarly Situated,

Plaintiffs-Appellants,

v.

MALCOLM WEEMS, Director of the Illinois Department of Central Management Services, et al.,

Defendants-Appellees.

Direct Appeal Pursuant to Ill. Sup. Ct. R. 302(b)
from the Circuit Court of Sangamon County, No. 2012 MR 582
Consolidated with Sangamon County, No. 2012 L 162;
Madison County, No. 2012 L 987;
Randolph County, No. 2012 L 35
The Honorable Steven H. Nardulli, Judge Presiding
Previously in the Appellate Court of Illinois, Fourth District
No. 4-13-0242

BRIEF AND APPENDIX OF THE CITY OF CHICAGO AS AMICUS CURIAE IN SUPPORT OF DEFENDANTS-APPELLEES

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POINTS AND AUTHORITIES

Page(s)

Page(s)

Page(s)

INTRODUCTION AND INTEREST OF AMICUS CURIAE

In this litigation, several groups of retirees of the State of Illinois ("State plaintiffs") brought suit against the State challenging legislation that re-allocated the cost of health insurance premiums between the State and retired public employees. The State plaintiffs claimed, among other things, that the statute violates article XIII, section 5 of the Illinois Constitution – commonly referred to as the "Pension Clause" – which provides that "[m]embership in any pension or retirement system of the State [or] any unit of local government . . . shall be an enforceable contractual relationship, the benefits of which shall not be diminished or impaired." Ill. Const. art. XIII, 5. The Circuit Court of Sangamon County dismissed the action for failure to state a claim, holding, among other things, that retiree health benefits are not pension or retirement benefits within the meaning of the Pension Clause. The State plaintiffs appealed, and this court agreed to hear the case on direct review pursuant to Ill. Sup. Ct. R. 302(b).

The City of Chicago has an interest in the outcome of this litigation. Like the State, Chicago has been involved in litigation with retirees claiming that Chicago has a constitutional obligation under the Pension Clause to provide retiree health benefits at or above the levels historically provided. Although the prior litigation, City of Chicago v. Korshak, No. 01 CH 4962 (Circuit Court of Cook County, Chancery Div., July 30, 2003), was resolved by a settlement under which Chicago agreed to continue certain retiree health benefits through June, 2013, certain plaintiffs have recently filed a new suit seeking to require Chicago to maintain retiree health benefits. Those previously and currently litigating against Chicago have, like the State plaintiffs in this appeal, argued that retiree medical benefits are protected from diminution or impairment by the Pension Clause. Thus, this court's resolution of the State plaintiffs' claims may affect the outcome of litigation against Chicago as well.

The attorney who represented certain classes of plaintiffs in the Korshak litigation, and now represents plaintiffs in the new suit against Chicago, has filed a brief as amicus curiae in support of plaintiffs-appellants in this appeal. See Amicus Curiae Brief By Certified Classes of Participants in the City of Chicago Annuitant Healthcare Plans (hereafter "City Annuitants' Br.").[1] That amicus brief asks this court to reverse the circuit court's holding that health benefits to State retirees are not pension benefits protected by the Pension Clause. Furthermore, the brief suggests that this court find that if health care benefits are included in the Pension Code they

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[1] The representation that the amicus brief was filed on behalf of certified classes litigating against Chicago, see City Annuitants' Br. 1, is incorrect. The same attorney who has filed the amicus brief in this case, purporting to act on behalf of representatives of classes that had previously been certified in Korshak, filed a motion on July 5, 2013 to re-open that litigation and to file an amended complaint. On July 17, 2013, the circuit court denied that motion on the ground that the litigation had been finally resolved pursuant to a 2003 settlement. On July 23, 2013, a group of plaintiffs, again represented by the same attorney, filed a new action, Underwood v. City of Chicago, No. 2013 CH 17450 (Circuit Court of Cook County, Chancery Div.). No class has been certified in that action.

are protected by the Pension Clause. Id. at 2, 11. But that is *not* the case before this court, and the court should reject those plaintiffs' invitation to reach out and decide issues not presented by the case on appeal. Moreover, the amicus brief asserts both factually incorrect premises and erroneous legal arguments. Chicago, accordingly, seeks to respond through its own brief as amicus curiae.

We agree with the State that retiree health benefits are not benefits of a pension or retirement system subject to protection under the Pension Clause. And that holds true regardless of whether provisions governing the health benefit at issue are codified in the Illinois Pension Code or elsewhere. Thus, while the circuit court of Sangamon County, in holding that State retiree health benefits are not protected by the Pension Clause, relied in part on the fact that those benefits are codified in the State Employee Group Insurance Act, 5 ILCS 375/1, rather than the Illinois Pension Code, 40 ILCS 5/1 et seq., that does not mean that any benefit referenced in the Pension Code is covered by the Pension Clause. As we explain below, this court can and should affirm the circuit court's judgment without relying on where retiree health benefits are referenced in the statutory code.

In their amicus brief, the City annuitants contend first, that the Pension Code codifies certain health benefits for Chicago retirees, and second, that the placement of these provisions in the Pension Code means that they are covered by the Pension Clause. See City Annuitants' Br. 5-10. The factual premise for their first contention is incorrect; the Pension Code's provisions relating to health plans for Chicago retirees do not codify such benefits at all but instead provide only that Chicago's pension funds shall pay certain amounts to Chicago on behalf of those retirees who participate in existing Chicago health plans. But beyond that, as a matter of law, for a benefit to be covered by the Pension Clause, it must actually be a benefit of membership in a pension system, not a separate and distinct type of benefit such as health care.

In other words, the fact that a provision tangentially relating to retiree health care is referenced in the Pension Code is not sufficient to make that benefit constitutionally protected by the Pension Clause. The nature and function of a benefit, rather than its placement in the Illinois statutes, should govern. Chicago respectfully requests that this court affirm the judgment of the circuit court below, and that in so doing, the court avoid opining that a benefit being referenced in the Pension Code is sufficient for it to fall within the Pension Clause's coverage.

BACKGROUND ON CHICAGO'S PROVISION OF RETIREE HEALTHCARE BENEFITS

Some background information is useful for understanding how the provision of health care coverage for Chicago retirees evolved over time and why the Pension Code contained certain limited provisions incidentally relating to such coverage.[2] Beginning around 1964, annuitants of Chicago's four pension funds were able to participate in Chicago's employee group health benefits plan. From 1964 to 1983, there was no state law or City ordinance requiring that any health plan be made available for Chicago retirees.

In 1983, provisions were enacted within the Pension Code requiring that two of the pension funds for Chicago retirees — the Policemen's and Firemen's funds — use a portion of a tax levy by Chicago for pensions to provide a subsidy for health care for each annuitant enrolled in the pension fund. See 40 ILCS 5/5-167.5; 40 ILCS 5/6-164.2 (added by P.A. 82-1044, § 1, eff. Jan. 12, 1983). The new statutes required the pension funds to make contributions from a Chicago tax levy toward annuitants' health insurance premiums, up to a maximum of $55 per month for retirees not eligible to receive Medicare benefits, and a maximum of $21 per month for Medicare-eligible retirees. These provisions also required the pension funds to deduct each annuitant's health care premium, in excess of the subsidy, from the annuitant's monthly pension payment. At the time, the amount of the subsidies covered the cost of coverage for the annuitants (although the cost of coverage for annuitants' family members was charged to the

[2] For a summary of the events described here, see Second Amended Opinion and Memorandum of Law, Chicago v. Korshak, No. 01CH4962 (Circuit Court of Cook County, Chancery Div., July 30, 2003) at pp. 2-6. A copy of this opinion is attached as an appendix to this brief.

annuitants). Over time, the costs began to exceed the amounts of the pension funds' subsidies, but no deductions were made. Instead, Chicago picked up the increasing costs.

In 1985, provisions were added to the Pension Code authorizing similar payments by the two remaining pension funds for Chicago retirees, the Municipal and Laborers' pension funds, to subsidize participation in a group healthcare plan, up to $25 per month, for their respective annuitants age 65 and over and with at least 15 years of service. See 40 ILCS 5/8-164.1 (added by P.A. 84-23, § 1, eff. July 18, 1985); 40 ILCS 5/11-160.2 (added by P.A. 84-159, § 1, eff. Aug. 16, 1985). Both provisions expressly stated that the health care plans were not benefits under the Pension Clause: "The group hospital care plan and group medical and surgical plan established under this Section are not and shall not be construed to be pension or retirement benefits for purposes of Section 5 of Article XIII of the Illinois Constitution of 1970." Id.

In 1987, Chicago filed suit in the circuit court to resolve whether it was obligated to provide health care benefits to its retired employees. Chicago sought an order declaring what, if anything, it was required to contribute toward retiree healthcare, as well as recovery of prior overpayments. The pension funds' trustees counterclaimed, alleging that Chicago had orally represented that health benefits would be provided to retirees at low cost and seeking to prevent Chicago from terminating its provision of healthcare benefits to current retirees. A number of Chicago annuitants successfully moved to intervene in the litigation and were granted class certification.

In 1988, following a bench trial on the pension funds' counterclaim against Chicago, but before the court ruled, the parties entered into a settlement agreement, which the circuit court subsequently approved. Pursuant to this settlement, Chicago agreed to pay at least 50 percent of participating annuitants' health care costs through the end of 1997. Premium amounts in excess of Chicago's contribution and the pension funds' subsidies were to be paid by the annuitants. The obligations pursuant to this settlement were codified, effective in 1989, by amendments to the provisions of the Pension Code that had previously governed health care subsidies from Chicago's four pension funds. Each provision stated expressly that both Chicago's obligations and the pensions funds' subsidies under the statute would terminate on December 31, 1997. 40 ILCS 5/5-167.5(d), (e); 40 ILCS 5/6-164.2(d) (e); 40 ILCS 5/8-164.1(d), (e); 40 ILCS 5/11-160.1(d), (e) (as amended by P.A. 86-273, § 1, eff. Aug. 23, 1989). And, as with the provisions previously governing health care payments by the Municipal and Laborers' funds, each provision also expressly clarified that the benefits described were not protected by the Pension Clause:

> The group coverage plans described in this Section are not and shall not be construed to be pension or retirement benefits for purposes of Section 5 of Article XIII of the Illinois Constitution of 1970.

40 ILCS 5/5-167.5(f); 40 ILCS 5/6-164.2(f); 40 ILCS 5/8-164.1(f);

40 ILCS 5/11-160.1(f).

In June 1997, the settlement period was extended through June 30, 2002, by legislation amending the governing sections of the Pension Code, with adjustments to the subsidies to be paid by the pension funds and to Chicago's contribution levels. Once again, these amendments included the same terms as in the prior version expressly limiting Chicago's obligations to the time prescribed by statute and expressly stating that the health coverage plans described are not pension benefits. 40 ILCS 5/5-167.5(e), (f); 40 ILCS 5/6-164.2(e), (f); 40 ILCS 5/8-164.1(e), (f); 40 ILCS 5/11-160.1(e), (f) (as amended by P.A. 90-32, § 5, eff. June 27, 1997).

In April 2003, the parties again reached an agreement, which the circuit court subsequently approved. Pursuant to this settlement, Chicago again agreed to pay for a portion of annuitants' health care coverage, but only until June 30, 2013. Certain of the 2003 settlement's terms were codified by again amending the relevant provisions of the Pension Code, but in contrast to prior amendments, there was no term requiring that either Chicago or the pension funds offer a group health plan, or that Chicago make any contribution toward retiree health insurance. Rather, the sole obligation imposed was on the pension funds, requiring them to pay subsidies in set amounts to Chicago for each of the funds' annuitants who participates in any Chicago health care plan. 40 ILCS 5/5-167.5(b); 40 ILCS 5/6-164.2(b); 40 ILCS 5/8-164.1(b); 40 ILCS 5/11-160.1(b) (as amended by P.A. 93-42, § 5, eff. July 1, 2003). The 2003 amendment, like prior versions, also contained an express statement that the health care plans referred to are not and shall not be construed to be pension benefits under the Pension Clause: "The city health care plans referred to in this Section and the board's payments to the city under this Section are not and shall not be construed to be pension or retirement benefits for the purposes of Section 5 of Article XIII of the Illinois Constitution of 1970." 40 ILCS 5/5-167.5(c); 40 ILCS 5/6-164.2(c); 40 ILCS 5/8-164.1(c); 40 ILCS 5/11-160.1(c).

Chicago's obligation to subsidize annuitant health care pursuant to the 2003 settlement terminated on June 30, 2013. Effective June 28, 2013, the relevant Pension Code provisions were amended to require each pension fund to continue to make payments to subsidize annuitant health coverage at the same level prescribed under the prior version, but only until "such time as the city no longer provides a health care plan for such annuitants or December 31, 2016, whichever comes first." 40 ILCS 5/5-167.5(b); 40 ILCS 5/6-164.2(b); 40 ILCS 5/8-164.1(b); 40 ILCS 5/11-160.1(b) (as amended by P.A. 98-43, § 5, eff. June 28, 2013). As with the prior versions, the 2013 amendment confirmed that the health care plans "are not and shall not be construed to be pension or retirement benefits for the purposes" of the Pension Clause. 40 ILCS 5/5-167.5(c); 40 ILCS 5/6-164.2(c); 40 ILCS 5/8-164.1(c); 40 ILCS 5/11-160.1(c).

ARGUMENT

Under the Pension Clause of the Illinois Constitution, "membership in any pension or retirement system" of the State or unit of local government is "an enforceable contractual relationship," and the "benefits" of this contract may not be "diminished or impaired." Ill. Const. art. XIII, § 5. As the circuit court correctly held, the language and history of this clause show that what it protects is public employees' retirement income, not payments that subsidize their participation in a health care plan.

I. THE PENSION CLAUSE'S REFERENCE TO BENEFITS OF MEMBERSHIP IN A "PENSION OR RETIREMENT SYSTEM" MEANS PENSION PAYMENTS.

The State plaintiffs, supported by the City annuitants as amicus curiae, assert that the Pension Clause's protection of benefits of membership in a "retirement system" should be construed to cover not only pension payments, but also any other benefits that have in the past been afforded to retired public employees, including subsidized coverage in group health plans. See, e.g., Br. of Plaintiffs-Appellants Roger Kanerva et al. 10-11; City Annuitants' Br. 3. But as we explain, this attempt to use the term "retirement system" to cover non-pension benefits contradicts Illinois law. Illinois statutes and the constitutional debates establish that "pension" and "retirement system" are used interchangeably under Illinois law.

First, each of the State's pension funds has been, and remains, officially titled a "retirement system" by statute. See 40 ILCS 5/14-101 (State

Employees' Retirement System); 40 ILCS 5/18-101 (Judges' Retirement System); 40 ILCS 5/2-101 (General Assembly Retirement System); 40 ILCS 5/16-101 (Teachers' Retirement System); 40 ILCS 5/15-101 (State Universities Retirement System).[3] Had the Pension Clause's language been limited to "pension" systems, it could have invited questions whether the State pension funds, all of which are designated as "retirement systems," were covered. This indicates that the Pension Clause used "pension or retirement system" to clarify that all pension systems are covered by the clause, regardless of formal label.

Second, Illinois statutes – including the Pension Code – regularly define retirement systems as pension funds, and vice versa. For example, the provision that creates pensions funds as independent legal entities expressly defines "pension fund" to include "retirement system" and uses the terms interchangeably:

> Any annuity and benefit fund, annuity and retirement fund or *retirement system*, . . ., and by whatever name such annuity and benefit fund, annuity and retirement fund or *retirement system* may be called, <u>is hereby declared to be a pension fund</u> and to be a body politic and corporate . . . .

40 ILCS 5/22-401 (emphasis added). Other sections of the Pension Code likewise treat the terms as interchangeable as demonstrated by the following

[3] Local pension funds are more likely to be called "pension funds" or, in the case of Chicago, "annuity and benefit fund." <u>See generally</u> 40 ILCS 5/5; 40 ILCS 5/6.

definitions:

> "'Retirement system or pension fund' means a retirement system or pension fund established under this Code."
> 40 ILCS 5/1-110.10(a).
>
> "'Retirement system' or 'system' means any retirement system, pension fund, or other public employee retirement benefit plan that is maintained or established under any of Articles 2 through 18 of this Code." 40 ILCS 5/1-119(a)(9).
>
> "'Pension fund' means any public pension fund, annuity and benefit fund, or retirement system established under this Code."
> 40 ILCS 5/1A-102.
>
> "'Retirement system': Any retirement system or pension fund which has been created by statute and which is financed in whole or in part by contributions by the State or by any governmental unit of the State or any municipality of the State."
> 40 ILCS 5/20-111.
>
> "'Retirement system' means any annuity, pension or retirement fund or system established by State law or by action of a political subdivision, except those applying to municipal firemen and police." 40 ILCS 5/21-102.9.
>
> "'Retirement System': Any pension fund or retirement system governed by Articles 1 to 18, inclusive, of the 'Illinois Pension Code', approved March 18, 1963, as amended."
> 40 ILCS 5/22A-104.
>
> "'Affected pension plan' does not include any pension fund or retirement system subject to Section 22-101 of this Section.'
> 40 ILCS 5/22-103(a).

Third, the legislative history of the Pension Clause likewise establishes that those who proposed, debated, and approved the clause considered a "retirement system" to mean the same thing as a pension fund or system. Opening the discussion of the clause when it was first proposed, Delegate Green referred to the "retirement system" in his explanation of how the clause would give employees more faith that they will receive pension payments. 6th Ill. Const. Conv. Tr., 2925, July 21, 1970. He also noted how funds had not been appropriated to the "state university retirement system," reflecting that state pension funds are called "retirement systems." Id. Other participants in the debate similarly referred to the "retirement systems of the state." Id. at 2929. In each of these discussions, the delegates clearly were using the phrase "retirement systems" to refer to pension funds. Notably, there is no reference to health care benefits or other non-pension benefits in the debate over the Pension Clause, nor any indication that the delegates who wrote Illinois's Constitution intended the clause to cover health care benefits or other non-pension benefits.

More generally, the purpose of the Pension Clause, as the Constitutional Convention delegates who proposed the clause explained, was to protect pensions – not subsidies for retiree health coverage. Delegate Green explained that the law in Illinois, which at the time allowed mandatory pension plans to be changed or abolished, was causing public employees to lose confidence in the pension system and feel insecure about their pensions. Id. at 2925. The Pension Clause was proposed to ameliorate these concerns. The discussion, and the examples used by the Delegates, all exclusively related to pension benefits. See, e.g., id. at 2929 (Delegate Kinney, providing examples of how amendment protected reducing pension based on percentage of salary); id. at 2931 (Delegate Green, explaining that the Pension Clause would not require adjustment in pension benefits for inflation). In the discussion and debate over the Pension Clause, there was no mention of health care benefits for retirees, much less an indication that any Delegate believed the Pension Clause would (or even might) apply to health care benefits, and no suggestion that adding the Pension Clause was motivated by a desire to protect health care benefits.

It should thus be clear that "pension or retirement system" are different names for programs that are in substance the same under Illinois law – intended to provide some level of continued income to public employees – and neither was intended to apply to subsidies for retiree health benefits. The Pension Clause uses the term "pension or retirement system" because both terms were frequently used to refer to systems for paying pension benefits under state law. This background overwhelmingly confirms that although the delegates of the constitutional convention used two different terms – "pension or retirement system" – in the Pension Clause, they intended these two to be the same in substance. This clarity overcomes any presumption that a substantive difference was intended by the use of two terms. See Commodity Trend Serv., Inc. v. Commodity Futures Trading Comm'n, 233 F.3d 981, 990 (7th Cir. 2000); cf. Roberts v. Sea-Land Servs., Inc., 132 S. Ct. 1350, 1360-61 (2012) ("[T]he presumption that identical words used in different parts of the same act are intended to have the same meaning readily yields whenever there is such variation in the connection in which the words are used as reasonably to warrant the conclusion that they were employed in different parts of the act with different intent.") (internal quotation marks and ellipses omitted); General Dynamics Land Sys., Inc. v. Cline, 540 U.S. 581, 595 (2004) (same); United States v. Cleveland Indians Baseball Co., 532 U.S. 200, 213 (2001) (same).

Despite all these indications to the contrary, the City annuitants assert that the term "retirement systems," as used in the Pension Clause, has a broader meaning that includes non-pension benefits. They repeatedly insist that the Pension Clause should be read to protect retiree health benefits because the Clause supposedly refers to the "benefits of participation" in a retirement system, rather than just "pensions." E.g., City Annuitants' Br. 1, 3. But in making this argument, the City annuitants misquote the clause; nowhere in the Pension Clause does the phrase "benefits of participation" appear. Instead, the Clause addresses "benefits" of the "contractual relationship" created by "[m]embership in any pension or retirement system." As we explain above, those benefits are retirement income provided by the pension or retirement system. The Pension Clause cannot be expanded by creating a phrase in a legal brief that appears nowhere in the clause itself. It is settled law in Illinois that courts should not read words into constitutional provisions. See, e.g., Maddux v. Blagojevich, 233 Ill. 2d 508, 523 (2009).

II. PENSION BENEFITS ARE DIFFERENT FROM HEALTH BENEFITS IN NUMEROUS SIGNIFICANT RESPECTS.

The circuit court's decision below, distinguishing retiree health benefits from pension benefits protected by the Pension Clause, also correctly recognizes the fundamental differences between pension benefits and health care benefits or subsidies. We endorse the circuit court's thoughtful explanation of the numerous differences between pension benefits and health care benefits, which support interpreting the Pension Clause to protect only pension benefits, and not subsidies for group health coverage or other benefits that might be provided to retired public employees.

One obvious distinction between pension benefits and health benefits is that pension benefits, by definition, are paid only to retirees. By contrast, when state or local governments provide health care benefits to retirees, those benefits are typically provided as part of plan that applies to a wider range of people as well, consisting in large part of active employees and their families. A benefit provided to a population far broader than retirees is not a "benefit of membership in a pension or retirement system." Moreover, as a practical matter, deeming health care benefits to be covered by the Pension Clause might restrict any reduction in such benefits not just for current retirees but also for active employees, which would likely limit the health insurance benefits governments are able to offer to current employees and their families. Neither the constitutional drafters of the Pension Clause nor the legislative drafters of the State's evolving Pension Code could plausibly have intended that result.

Second, the calculation of pension benefits is relatively straightforward. Pension payments are fixed sums determined by formulas, and may increase over time according to set rules, and the value of future payments is largely predictable. By contrast, the value to any particular beneficiary covered by a particular health care plan depends on myriad different variables – such as premiums, deductibles, co-pays, the type and scope of coverage, and the costs of procedures. In such a market, state and local governments need the flexibility to amend health care plans to provide health care benefits to employees and, if desired and practicable, to retirees as well, at an affordable cost. Requiring health care subsidies to retirees to be frozen at the maximum previous rate would be illogical and massively harmful to the state and to local governments in Illinois.

For similar reasons, given the complexities of the modern health insurance market, determining whether a change in health care benefits caused those benefits to be "diminished or impaired" would be an unpredictable and ultimately arbitrary exercise. Indeed, in this case, the State plaintiffs claim only that the State's contributions toward retirees' health insurance premiums are protected by the Pension Clause, while admitting that the State is free to change other health insurance terms. This concession undermines the entire argument advanced by the State plaintiffs and their *amicus curiae*. The value to a retired State employee of any set dollar amount contributed by the State toward the premium for the retiree's health insurance plan will vary greatly. By admitting that the Pension Clause does not apply to the vast majority of the terms pursuant to which health care may be provided to participants, the State plaintiffs wholly undermine their contention that the Pension Clause applies to retiree health benefits.

This point is reinforced by other portions of the Pension Clause separate and apart from the basic fact that it does not mention health care benefits. The clause states that membership in a pension system "shall be an enforceable, contractual relationship." A contract must contain "the definite and certain essential terms required for the formation of an enforceable contract." Acad. Chicago Publishers v. Cheever, 144 Ill. 2d 24, 29 (1991). Here, the State plaintiffs assert that only a single term relating to health care coverage (health care subsidies) is fixed, while other terms may be changed at will. That is not a contract, and further demonstrates why health care benefits fall outside of the Pension Clause.

Pension payments are also distinct from health benefits in that they provide retirees with general income that can be used for any purpose. The Pension Clause applies to this general income. By contrast, there is nothing in the Pension Clause suggesting that it protects subsidies limited to specific categories of goods or services, such as health care.

Finally, as the State has noted, the distinction between pension benefits and health care is well established under federal law for employees and retirees of private employers. See In re Unisys Corp. Retiree Med. Benefit ERISA Litig., 58 F.3d 896, 901 (3d Cir. 1995); Moore v. Metro. Life Ins. Co., 856 F.2d 488, 492 (2d Cir. 1988). In particular, federal law places certain restrictions on changes to pensions. See generally Cent. Laborers' Pension Fund v. Heinz, 541 U.S. 739 (2004). By contrast, employers and plans have extensive freedom to change health care benefits. See, e.g., Anderson v. Suburban Teamsters of N. Ill. Pension Fund Bd. of Trs., 588 F.3d 641, 650-51 (9th Cir. 2009). Thus, federal law mirrors and reinforces the distinction in Illinois law – most pensions are subject to protection, while health care benefits are separate, and not protected.

In sum, the law – in both Illinois and elsewhere – recognizes that pension benefits and retiree health care benefits are different. The two types of benefits differ in kind rather than degree. This background should inform any legal interpretation of the Pension Clause and further confirms that the clause's protections are limited to pension benefits.

III. A PROVISION'S CODIFICATION IN THE PENSION CODE, STANDING ALONE, DOES NOT BRING IT WITHIN THE PENSION CLAUSE'S PROTECTION.

The thrust of the City annuitants' amicus brief is that because certain obligations on the part of Chicago and the pension funds to assist retirees in obtaining and paying for health coverage have at times been codified in the Pension Code, such benefits must be protected by the Pension Clause. See

City Annuitants' Br. 5-10. But this is contrary to this court's clear precedents establishing that a statutory provision's placement in the Pension Code is not sufficient to create a right protected by the Pension Clause.

In People ex rel. Sklodowski v. State, 182 Ill. 2d 220 (1998), this court specifically rejected the argument that every term in the Pension Code must be covered by the Pension Clause. In that case, pension beneficiaries sued State retirement systems alleging that these systems had failed to comply with funding provisions contained in a 1989 law amending the Pension Code. Id. at 223. Specifically, the plaintiffs contended "that when the General Assembly amended the Pension Code to establish a level of funding that would achieve full funding, those requirements became an enforceable contractual relationship between the beneficiaries and the state." Id. at 229.

This court squarely rejected the plaintiffs' argument that amending the Pension Code to include funding provisions made those provisions vested contractual rights protected by the Pension Clause. This court's conclusion was based on the well-established presumption "that laws do not create private contractual or vested rights, but merely declare a policy to be pursued until the legislature ordains otherwise." Id. at 231. The "funding provisions contained in the Pension Code give no indication of a legislative intention to establish a contractual right." Id. at 232. The court thus "reject[ed] the contention that the Pension Code establishes vested contractual rights to statutory funding levels." Id.

This holding was not novel. Rather, the court in Sklodowski made clear that its rejection of the plaintiffs' claims was compelled by its prior decisions in People ex rel. Ill. Fed'n of Teachers v. Lindberg, 60 Ill. 2d 266 (1975), and McNamee v. State, 173 Ill. 2d 433 (1996). See Sklodowski, 182 Ill. 2d at 230-33.

The upshot of these cases is clear: the fact that particular funding provisions may be included in the Pension Code does not mean they are protected by the Pension Clause. That same approach should apply here, and the result should be the same. Indeed, the benefits in Sklodowski – concerning pension funding – had a clear relationship to pensions, and yet this court held that the Pension Clause still did not apply to the pension funding provisions. That conclusion should apply even more forcefully to benefits that are not tied to pensions, such as the health care subsidies at issue here.

Moreover, as the State explains in its brief, multiple conditions must be satisfied before the Pension Clause applies. The most basic requirement is that the benefits must be pension benefits, which the health care contributions at issue here are not. Of particular importance, Chicago's contributions toward annuitants' health coverage are not and have never been funded from or tied to annuitants' contributions during their period of employment. This distinguishes the health benefits from pension payments, the amount of which is determined by a formula based in large part on the annuitants' past contributions.

In sum, the City annuitants' position – that the location in the Pension Code of provisions referencing partial and limited subsidies for health care compels the conclusion that they are protected by the Pension Code – cannot be reconciled with this court's precedents. The Pension Code is the statutory depository of a wide array of legislative requirements related to the pension funds, regardless of whether such requirements concern actual pension benefits, more mundane administrative matters, or other issues related to pension funds. That a subsidy for retiree health coverage is referenced in the Pension Code in no way establishes that such subsidies are themselves "benefits" of the "contractual relationship" created by "membership" in a "pension or retirement system" within the meaning of the Pension Clause.

CONCLUSION

For these reasons, Chicago respectfully requests that this court affirm the judgment of the circuit court.

Respectfully submitted,

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EXHIBIT 11

BUSINESS

Obamacare deductibles a dose of sticker shock

Insurance companies requiring higher out-of-pocket expenses to comply with new rules

October 13, 2013 | By Peter Frost, Chicago Tribune reporter

Adam Weldzius, a nurse practitioner, considers himself better informed than most when it comes to the inner workings of health insurance. But even he wasn't prepared for the pocketbook hit he'll face next year under President Barack Obama's health care overhaul.

If the 33-year-old single father wants the same level of coverage next year as what he has now with the same insurer and the same network of doctors and hospitals, his monthly premium of $233 will more than double. If he wants to keep his monthly payments in check, the Carpentersville resident is looking at an annual deductible for himself and his 7-year-old daughter of $12,700, a more than threefold increase from $3,500 today.

"I believe everybody should be able to have health insurance, but at the same time, I'm being penalized. And for what?" said Weldzius, who is not offered insurance through his employer. "For someone who's always had insurance, who's always taken care of myself, now I have to change my plan?"

Many Illinoisans buying health coverage on their own next year will face a similar dilemma spurred by the health care overhaul: pay higher monthly insurance premiums or run the risk of having to shell out thousands more in deductibles for health care if they get sick.

To promote the Oct. 1 debut of the exchanges, the online marketplaces where consumers can shop and buy insurance, Obama administration and Illinois officials touted the lower-than-expected monthly premiums that would make insurance more affordable for millions of Americans. But a Tribune analysis shows that 21 of the 22 lowest-priced plans offered on the Illinois health insurance exchange for Cook County have annual deductibles of more than $4,000 for an individual and $8,000 for family coverage.

Those deductibles, which represent the out-of-pocket money consumers must spend on health care before most insurance benefits kick in, are higher than what many consumers expected or may be able to stomach, benefit experts said.

By comparison, people who buy health insurance through their employer have an average individual deductible of just more than $1,100, according to the Kaiser Family Foundation.

Although millions of Americans will be eligible for federal assistance to help offset some of those costs, millions will not, underscoring one of the trade-offs wrought under the law's goal to ensure most people have access to health insurance.

"It's been major sticker shock for most of my clients and prospects," said Rich Fahn, president of the Northbrook-based insurance broker Excell Benefit Group. "I'm telling (clients) that everything they know historically about health plans has changed. They either have to pay more out-of-pocket or more premiums or both. It's an overwhelming concern."

Plans with the least expensive monthly premiums — highlighted by state and federal officials as proof the new law will keep costs low for consumers — have deductibles as high as $6,350 for individuals and $12,700 for families, the highest levels allowed under the law.

Because the federal website that runs the Illinois exchange remained largely inoperable as of late last week, the Tribune used data from websites of four of the five insurers that will offer plans in Cook County on the marketplace. One insurer, Coventry Health Care, did not have plans available on its website last week but provided data to the Tribune.

Insurers say the price and cost hikes result from new benefit mandates, additional taxes levied as part of the law and a requirement that they can no longer deny coverage to people with pre-existing medical conditions.

The vast majority of insurance plans for 2014 must include a list of 10 essential health benefits, some of which, like maternity care, weren't necessarily included in all health plans a year ago.

The law also includes mandatory coverage of mental health and substance-abuse treatment, prescription drugs and rehabilitative care. All preventive care, including annual physicals and routine immunizations like flu shots, must be covered at no cost.

Further, insurers are required to take all applicants, regardless of whether they have pre-existing medical issues that may have locked them out of coverage in the past. And they're prohibited from charging their oldest, sickest members any more than three times as much as their youngest, healthiest members, causing premium prices to rise for many younger people.

Costs associated with those mandates are passed along to all members of a health plan.

Considering those factors, "the rates are actually quite reasonable," said Kelly Sullivan, a spokeswoman for the Illinois health insurance marketplace.

Under the law, most of the estimated 15 million Americans who bought plans individually this year, like Weldzius, will have to choose new insurance coverage that meets federal guidelines.

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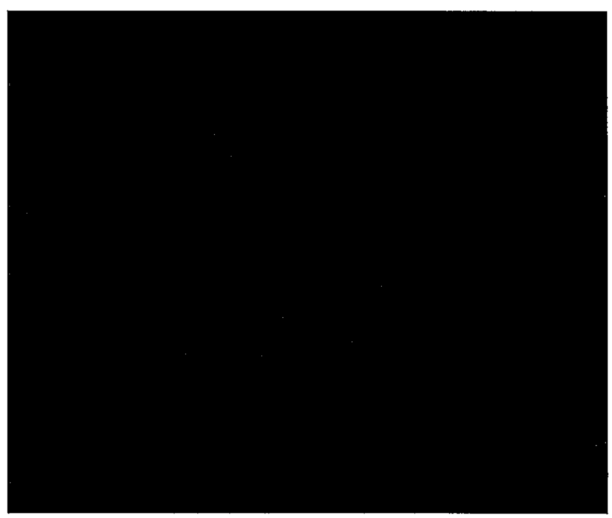

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EXHIBIT 12

On Oct 23, 2013, at 8:29 AM, "Michael Underwood" <mu815@msn.com> wrote:
>
>
> When I was hired by the Chicago Police Department in 1972, the Chicago Police were not represented by a collective bargaining agent, and had no written agreement, that stated our rights, and benefits. Mayor Richard J Daley, always stated that his handshake, and his word of honor, was our contract.
>
> One of the benefits that I was promised, under the terms of my employment, was free health insurance for my wife and I, for life. The free part fell by the wayside, in the 1980's, and was the subject of litigation known as Korshak v The City of Chicago. The Korshak agreement which expired on 30 June 2013, has led to the City's attempt to drastically raise the insurance premiums paid by one class of it's retirees, and end the reconciliation accounting, whereby overcharges by the city, we're returned to the retirees.
>
> The city wants to raise my insurance premiums, from approximately $ 600.00 per month, to
> $ 982.00, per month. Optional dental insurance, for my wife and I, is approximately $ 70.00 per month, so my total health insurance will be approximately, $ 1050.00 per month.
>
> My annual pension is $ 55,000 per year. My tax rate of 20 pct, leaves me $ 44,000. The proposed Health Insurance premium of $ 1050.00 per month, would leave me about $ 31,500 per year to live on. If my wife was not still working, I would be forced to sell my home, and live in a small condo, at best. This increase, being imposed on the most vulnerable of the cities retirees' will cause great hardship and distress, to those that can least afford it.
>
> I suffered many injuries during my police career, among them, a fractured vertebrae, suffered in a squad car crash, two human bites, a fractured hand, two broken ankles, a broken leg, numerous fractured ribs, and last, but not least, I was struck in the head, behind my left ear, by a shotgun pellet that was fired at me. I still suffer the after affects of these injuries.
>
> As a result of exposure to Agent Orange, suffered during my service in The Republic of Viet Nam with the United States Marine Corps, I suffer from Parkinson's disease, diabetes, and peripheral neuropathy in both legs, and am unable to work.
>
> I was always told, that my guarantee of free health insurance for life, was a continuation of the care provided by the city, for the injuries that I suffered in the performance of my duties, and their after affects. This attempt by the city, to change the terms of, what I and many others, always believed, was a handshake contract with Mayor Richard J Daley, is outrageous. I am appalled that the city would show such little concern, for the welfare of its retirees.
>
> I declare, under penalty of perjury, that this information is true
>
> You may use my submission, to present to the court in support of the preliminary injunction.
>
> Michael W Underwood
>

> 4418 W Bryn Mawr Ave
>
> Chicago, IL 60646
>
> mu815@msn.com
> Sent from my iPad

From: Curt [mailto:b15943@aol.com]
Sent: Saturday, October 19, 2013 7:58 PM
To: Clint
Subject: Fwd: Retiree Healthcare submission-Underwood v City Statement in Support of Preliminary Injunction

Underwood v City ~ Statement in Support of Preliminary Injunction

First, we would like Federal Judge Holderman to understand that we are both retired City of Chicago employees. We have both worked for the Department of Police, for a total 60 years. When we were hired (Curtis in 1972) and (Karen in 1989) we were told, promised and understood that one of the benefits of being employed by "the City" was that we would have certain guaranteed benefits. The Healthcare benefits being one advantage of working for the City.

***Chicago Police Officers have been being told by elected officials, police command, and even the public that "hey kid you have a great job you'll be able to retire in style and with all 'the City' perks".

Secondly, we both had retired knowing that the benefit would remain an advantage for our later years in retirement. (If we would have known what "the City" was going to do with our benefits, we both would have kept working!)

Curtis retired April 15th, 2004 after 32 plus years with the Police Department. Last unit of Assignment was Area Three Homicide.

Karen retired August 2nd, 2011 prior to attaining the age of 50, with 22 plus years of service. Karen' last unit of assignment was O'Hare Airport. She finally started to draw on her pension May 4th, 2013.

***Karen is Harry Belluomini's oldest daughter. Harry was killed in the sally port area of the Dirksen Federal Building on July 20th, 1992 where he was working as a Court Security Officer for the US Marshal Service. Harry was able to shoot Erickson as Erickson was attempting to flee the Federal Building after fatally shooting Deputy US Marshal Frakes. Erickson shot Harry and Harry shot Erickson. Erickson upon realizing that he was mortally wounded committed suicide on the ramp leading upto Jackson Blvd. (Harry was enjoying his retirement and working part-time to augment his pension and to pay his families' healthcare premiums). It should be added that there are two other Belluomini's that are current City of Chicago employees. Michael Belluomini is a police officer assigned to the Marine Unit and Anne Belluomini, also a police officer assigned to the 25th Police District. Both Michael & Anne hope to retire with benefits from the City of Chicago. Hopefully, Michael & Anne will not have to go through this anguish and stress upon their retirement. That they will be able to plan their later years without finding out at a later date that their "nest egg" (pension & benefits) are being whittled away.

Thirdly, if one was to look at the proposed rate sheet for Retiree Healthcare Plans you would realize that there is an increase of approx. $4100.00 yearly that will drastically cut into our "fixed" income pension. Both of us are non-Medicare eligible. We currently pay approx. $8000.00 yearly for Blue Cross/Blue Shield coverage. With the proposed increase we will be paying approx. $12,000.00 yearly.
NOTE: Two married retired "City" employees can not share the same Healthcare Coverage Policy.

Fourth, we do not know of anyone in these days of financial uncertainty that can afford to take a yearly loss of over $4100.00.

Lastly, we are sure that Judge Holderman realizes that this attempt by "the City" to arbitrarily raise the Healthcare contribution runs hand-in-hand with what the politicians are attempting to do with our retirement funds. The Illinois politicians and "the City" all have under funded every benefit that "the City" has inferred or promised to its' employees! Now they (politicians and "the City") want to hurt the very people that served them (the politicians, "the City" and all of the citizens of Chicago) for years of what is rightly deserved and warranted.

What will happen in the future? Will the premiums keep inflating? Will the City keep backing out of its' obligations?

Would the politicians and "the City" stand for the same treatment if they had the same Healthcare benefit proposed increase?

"We declare, under penalty of perjury, that this information is true" and "You may use my submission to present to the court in support of the preliminary injunction".

Curtis Edward BLANC
Karen Anne (Belluomini) BLANC

From: Terry & Jim Baldridge [mailto:terryjim@suddenlink.net]
Sent: Saturday, October 19, 2013 10:01 PM
To: Clint
Subject: "Retiree Healthcare submission-Underwood v City- Statement in Support of Preliminary Injunction"-Theresa Baldridge widow

My husband, Officer James R. Baldridge, served the City of Chicago as a Patrolman for 29 years. He took pride in his job and was so proud to be a member of the Chicago Police Department. He was a good Officer and was always ready to do the job he was hired to do. In May of 1999 my husband retired from the Department. We were full of hopes and dreams as we began our retirement in Arkansas. Two weeks after arriving in Arkansas my husband was diagnosed with a non-smoking type of throat cancer. The Doctors attributed the cancer to the carbon monoxide from vehicles, particularly City busses. My husband did not blame the City of Chicago for the times his job called him to do traffic. No, he began radiation and chemotherapy immediately.

Five days a week we went to radiation immediately followed by chemotherapy. This routine continued for 4 1/2 months. The treatments ravaged his body causing numerous other conditions. The radiation treatments alone were over $ 4,000.00 a week. Even with our insurance coverage, which we were thankful for, our retirement savings was pretty much gone. But we forged forward; the cancer was in remission, we lived in a beautiful place, and we had each other.

My husband told me many times, " we will make it, I have my pension from the Police Department , we have insurance coverage, and the check from Deferred Comp. each month, don't you worry" he would say.

Fast forward 10 years. A new cancer, more treatments, a year later the new cancer metastasized to his bones. More treatments and then to M.D. Anderson in Houston, Texas for experimental trial treatments. My husband always told me not to worry, " the City will take care of you, you will be okay, my pension and insurance coverage is secure". It broke my heart to see the pain he had to endure.

On September 15, 2010 Jim lost his battle with cancer and I lost the only man I had ever loved. My life has changed drastically. Immediately the pension check was 50% less, which is what I knew I would get, the insurance premiums were affordable , both of which I was so grateful to have. So you make adjustments and you live within your new budget.

Now, the City of Chicago informs the retirees that the City can no longer afford to subsidized our insurance and will phase it out. Our insurance was promised to us. The City says the most vulnerable retirees will be covered. I would like to see the City's definition of vulnerable retirees. Perhaps when those in the City making these unfair decisions reach retirement you will be classified as a non vulnerable retiree. Hmm, wonder how that would fare with you?

The City of Chicago make these decisions based on numbers on a piece of paper, the City does not think about how this affects all of the retirees. My new premiums will see an increase of approximately 55% based on the letter I received. I continue to be grateful for insurance coverage but now where do I make more adjustments in the budget?? I understand the economy and what everyone is facing, but the City is trying to hurt those that served the City of Chicago faithfully and were promised these benefits.

My husband wore his CPD uniform with pride and honor, I don't think he would feel pride and honor right now.

" I declare, under penalty of perjury, that this information is true" and " You may use my submission to present to the court in support of this preliminary injunction.

Respectfully,

Theresa M. Baldridge

From: bart2694@comcast.net [mailto:bart2694@comcast.net]
Sent: Thursday, October 17, 2013 4:04 AM
To: Michalene
Subject: RetirreHealthcare Submission-Underwood V City-Statement in support of preliminary Injunction

As a retired police officer, the City's insurance increases will raise my monthly premium over $300.00 per month, to $1,055.00. My wife is currently a Dominick's Foods employee, and will lose her job by the 1st of the year. The increase will seriously impact our lives, as neither one of us is medicare eligible for several years. I Declare, under penalty of perjury, that this information is true, and you may use my submission to present to the court in support of the preliminary injunction. James Bart

From: Bigjohn432@aol.com [mailto:Bigjohn432@aol.com]
Sent: Wednesday, October 23, 2013 12:54 PM
To: Clint
Subject: Retiree Healthcare submission-Underwood v City –Statement in Support of P... john bobko

"I declare, under penalty of perjury, that this information is true" and "You may use my submission to present to the court in support of the preliminary injunction"

My name is John R. Bobko, I live at 6155 S. Kilbourn Ave. Chicago, Illinois, 60629. I am 63 years old. I was hired by the City of Chicago as a Police Cadet in October of 1969, and worked in that position until July 26, 1971 when I was hired as a Chicago Police Officer. I retired as a police officer on March 15, 2002. I do not qualify for Social Security nor Medicare, because I do not have the required quarters for coverage under either program. This unjust increase in health care premiums, will greatly effect me. My annual increase in pension is $123.67 a month gross, and never increases from that amount, and for 2012 my take home after tax and insurance adjustments is $92.75 a month. This $159.00 health insurance increase will eliminate my whole monthly increase plus cost me approximately $65.00 more of my net monthly pension. I do have some health problems and in the past 2 years have had to meet my out of pocket and deductible expense limits. With the cost of everything from utilities , taxes and fees and the general cost of living increasing , I cannot afford to keep taking home less and less money every year.

Thank You
Mr. John R. Bobko

19 October 2013

Mr. Clint Krislov:

I am writing in regard to the retirees' healthcare suit and how the loss of a promised benefit would affect me. I have several health issues which prevent me from getting a job at this time. Due to the last two market crashes, I lost most of the extra money I had saved and depend solely on my pension. I am not eligible for social security or medicare due to police officers not being allowed to contribute to either program at the time I was hired in 1977. Later, when police officers were included, I tried to become a contributor as I had time to get all my quarters but it was not allowed to do so. I am afraid of what will happen if Mr. Emanuel gets his wishes and we lose our healthcare and our pensions are reduced.

To lose my healthcare would be an extreme hardship. Just the latest rate hikes have me wondering where I will get the money to pay the increase in premiums, deductible and co-pays. Right now, my budget is stretched to the extreme. After paying my bills, most months I am left with very little to live on. I spend most of my time looking for ways to keep expenditures down and that usually leaves me with about $200-$250 per month on which to live.

I am now 60 years old and I gave 29 years of my life to the City of Chicago and it's citizens. I was promised a pension and healthcare in retirement. I kept my part of the bargain. Mr. Emanuel needs to keep the City's promise. It is very disheartening to see what he is doing to us when I see him spending taxpayer money to build a stadium for a private educational institution. He continues to put his cronies above the people who risked their lives on a daily basis for the citizens of this city.

Thank you so much for your help in this matter.

I declare, under penalty of perjury, that this information is true.

You may use my submission to present to the court in support of the preliminary injunction.

Sincerely,

Leslie A. Boyle
2442 w. 107TH Street
Chicago, Il. 60655

Date of hire: 3 Jan 1977
Date of retirement: 15 Feb 2005

From: Stephan Combes [mailto:socombes293@yahoo.com]
Sent: Monday, October 21, 2013 1:30 PM
To: Clint
Subject: Retiree Healthcare Submission - Underwood v. City - Statement in Support of Preliminary Injunction

My name is Stephan Combes. I am 71 years old (my wife is 69) & retired from the city in June 2005 after nearly 40 years with the Chicago Police Department. My wife and I are NOT medicare or social security eligible & rely on BCBS of IL PPO retiree plan through the city. Since working as a police officer for over 39 years did not make me medicare eligible we are already penalized by higher insurance rates with no preventative care (mammograms,flu shots, check ups, etc). Although these procedures are covered by medicare they are not under the retiree plan. I want to emphasize my wife of 40 years has neither social security income nor a pension so we both depend on my benefits. My wife has a cardiac history and has had two back surgeries (including a fusion) to regain the ability to walk. She is still having problems. I have been diagnosed with macular degeneration as well as being conversationally deaf. I also have A-Fib. In Nov.'12 before the city began changing our benefits we moved to North Carolina to be close to our daughter. NC is one of the states which does not have its own exchange and Obamacare is predicated on employers maintaining coverage. The hardship of living in a state that now taxes my pension combined with the loss of city insurance would make obtaining comparable healthcare a financial burden.

In conclusion navigating new ways to find comparable and affordable health insurance leaves us with a financial and health maintenance dilemma. After nearly 40 years of service (and needless to say being a policeman's wife for 40 years was just as difficult) is this an acceptable way to treat our public servants taking away the affordable medical benefits they were promised and have earned.

I declare, under penalty of perjury, that this information is true. You may use my submission to present to the court in support of the preliminary injunction.

From: Ismatto@aol.com [mailto:Ismatto@aol.com]
Sent: Monday, October 21, 2013 3:37 PM
To: michalene@klislovlaw.com
Cc: Clint
Subject: Retiree Healthcare submission-Underwood v City –Statement in Support of Prelimin

I am a retiree of the City of Chicago Department of Personnel, now (Department of Human Resources) with 30 years of service. I had to retire at 50 because I had developed a very rare neurological autoimmune illness called "Stiff Person Syndrome." It is literally a "one in a million person disease" with no cure, only treatments to ease the symptoms. The cause is unknown. I was fortunate that I started my employment at age 19, and I was able to hang on until I turned 50. At the time I was still employed; I was denied the on-going treatments needed as treatment for this illness by the City of Chicago Benefits Management Office. The City did pay for 3 treatments initially, but after their high cost (approximately $20,000 every other month), they refused to continue paying. If I had been approved for these on-going treatments; I may not have had to retire. I never in my life dreamed that I would quit working at that age, and I do miss working.

My neurologist at that time, Dr. Julie Rowin, was able to find documentation in medical journals showing that the IVIG (Immune Globulin via IV) treatments I received were now considered a "standard of care treatment" for my illness. I appealed to the Benefits Management Office, and they finally did approve these treatments, but unfortunately; I already was forced to retire. My weight had dropped to 84 lbs., and I was falling frequently, even with the use of a walker. In swiping out one day; I fell backward and hit my head on the marble floor of our offices which then were located at 30 N. LaSalle Street. I was bleeding from the head, and was sent via a cab to Mercy Hospital for a CT scan. I was fortunate not to sustain a concussion. I was taking a cab everyday from Union Station to City Hall and back, as I could barely make it with my walker.

My Dr. wants me to receive these treatments monthly, but I am afraid that I may reach my lifetime insurance cap with the City if I develop some other illness in the future. Therefore, I am receiving them every other month instead, at the cost of my own good health. Originally, I was going to UIC to receive these treatments which were not performed per the instruction of my Dr. I only found out when Blue Cross and Blue Shield of Illinois (BCBSIL) informed me in Sept., 2010 that they had contracted with Coram Specialty Infusion Services, a separate company, as a network provider for Immune Globulin. Also, they had made an agreement to accept a much lower amount for these services which were now provided in the home. This was a God send! It made my treatments more comfortable and the infusions were now performed the way my Dr. had ordered, with less uncomfortable side effects. So even though Coram bills BCBSIL for the full amount, they accept a much lower amount of approximately $5,000 for the IVIG treatments, and a nurse in my home for 8 hours. Since I will need to have these treatments for the remainder of my life, the reduced cost is very important to me. I know that I will not be able to find this coverage on my own through the Affordable Care Act even when insurance companies cannot refuse those with pre-existing conditions. Who would insure me, and at what cost?

In addition to the infusion services; I take numerous medications to alleviate the symptoms of my illness. Having one autoimmune illness makes you more likely to have other autoimmune illnesses. In my case; I have hypothyroidism, vitiligo and pernicious anemia. These are some of the classic autoimmune illnesses that come with the "Stiff Person Syndrome" diagnosis.

With the City now raising our insurance contribution to almost $1,000 per month for my husband (also a City retiree) and myself, it will be much more difficult to manage a budget for us. We will never be eligible for Medicare, as we are part of the group that was never allowed to contribute. We both take medicine we will likely need for the remainder of our lives. It is a constant worry for us what will happen in the future if our subsidy is taken away from us, or continues to rise. We were promised our retiree insurance when we were hired, It is unconscionable for the City to change the rules in the middle of the game. We did not make this problem, and we should not be responsible for the lack of foresight in City government who supposedly had the best and the brightest minds all these years. Due to my position in the DOP; I am privy to information regarding many of the so-called "sweetheart deals" that went on over the years. As you read everyday in the newspapers, many scandalous contracts and deals are finally seeing the light of day.

Mayor Emanuel inherited this mess, but he will have to fix it another way. I pray that the Mayor will see the harm he is doing to the very people who served their years of employment with dignity, which is not the case with the City of Chicago dumping their retiree health care plan. It is unfair, and Mayor Emanuel and his "advisors" should be ashamed.

"I declare, under penalty of perjury, that this information is true" and "You may use my submission to present to the court in support of the preliminary injunction".

Sincerely,

Donna Canchola
7154 W. 51st Place
Chicago, IL 60638
773-229-1130

From: Jack C [mailto:chicapjack@aol.com]
Sent: Tuesday, October 22, 2013 11:35 PM
To: Michalene; Clint
Subject: Retiree Healthcare Submission-Underwood v City-Statement in Sipport of Preliminary Injunction

My name is John (Jack) Clisham, Sr. I joined the CPD on January 24, 1966. I retired September 16, 1995 due to a hearing problem in both ears.

My wife on Thursday, 10/17/13, completed her fourth, and we pray, final, cycle of chemotherapy. Two types of Carcinomas were found in her gall bladder and two lymph nodes following surgery July 3rd, 2013. No cancer was found in the portion of her liver, and other lymph nodes, removed that same day.
I was diagnosed with Mantle Cell Non-Hodgkin Lymphoma in July, 2012, but have been seeing a Hematologist-Oncologist at Loyola Hospital since December, 2010 due to that condition.
We are both covered under Medicare. With prior conditions, finding a medical insurance supplement that will accept us could be difficult. It is likely higher premiums and deductibles would significantly increase our medical expenses. We intend to remain in the City of Chicago, but those increased medical expenses could cause us to seek lower cost housing and financial conditions. Many health and medical providers are dropping medicare patients, or demanding large down payments up front as medicare payments seem to continuously be reduced. The current medical plan is readily accepted in my experience. Before deductions, my monthly pension in 2013 is $7206.56. I pay $205 per month for our BC/BS Supplemental policy. That will increase to $277 monthly per Benefit Management Division's letter dated October 10, 2013.
I would point out others impacted by this unconstitutional change by the City. Widows and orphans are a group not mentioned, but seriously affected by the changes. To my knowledge, they receive no cost of living increase. My son, Paul Clisham, died from Colon Cancer in 2007 with less than twenty years of service to C.P.D. He left his young wife, Catherine, and six year old, now twelve, daughter. She has special needs, with Autism and other health problems. While I do not have exact figures, I believe healthcare premiums for the current and previous year take at least 40%, or more, of my daughter-in-law's current pension. Any increase impacts them significantly. How many other widows and children will also be hurt by these increases? My daughter-in-law has been ill since Friday and precise information unavailable due to that.

I declare, under penalty of perjury, that this information is true. You may use my submission to present to the court in support of the preliminary injunction.

John E. (Jack) Clisham, SR.
10339 S. Central Park Ave.
Chicago, IL 60655-3109
Tel#773-779-6395 Cell 773-497-6395

From: Pat Dillon [mailto:pabdc@starband.net]
Sent: Friday, October 18, 2013 10:37 AM
To: Michalene
Cc: Clint; Ken
Subject: Retiree Healthcare submission-Underwood v City –Statement in Support of Preliminary Injunction

October 18, 2013

Dear Mr. Krislov:

My name is Jon W. Cole and I am a retired CPD Officer/Detective. My 28 years of service to the City of Chicago was from 22 Jul 68 to 2 Aug 96.

Shortly before my retirement in 1996, I attended a CPD retirement seminar hosted by the City at the police academy. At this meeting we were told by City representatives that the City would continue to provide health insurance for its retirees, with the same coverage as for active employees. We were also advised that if the retiree died, their spouse would have the option of continuing their own coverage through the City retiree health plan. They further stated that retiree contributions to the plan would never exceed 10% of a retiree's gross pension income.

Since the City did not offer their police officers the opportunity to pay into Social Security or Medicare, these additional benefits offered the security needed for an officer to retire earlier than the mandatory retirement age of 63. The City also benefited by encouraging its higher paid officers to retire early and replace them with new recruits at a much lower pay scale.

I became eligible for Medicare and Social Security at the age of 66 through part-time employment income. I only qualified for the minimum Social Security payment which was then reduced by 50% due to my receiving a government police pension through the City. My current Social Security payment for 2013 is $1,840 per year out of which $1,360 is deducted for Medicare, leaving me with approximately $40 per month of Social Security income.

For 2013, based upon my Medicare eligibility and my wife Pat being non-Medicare eligible, our current health insurance payment to the City is $457 per month. For 2014, the City is increasing this premium to $651 per month which represents a 42% increase from 2013. My projected gross pension for 2014 after the inclusion of a fixed yearly

COLA increase of $1064 will be $51,416, and the annual 2014 health insurance payment of $7,812 will represent over 15% of my gross pension, not the 10% maximum payment originally promised by the City when I retired. Not only are retirees faced with huge premium increases for 2014, the City is now planning to completely phase out health insurance coverage for retired city employees and dependents over the next three years, which retirees counted on for their future. If the City plans to no longer provide health insurance for its retirees going forward, certainly coverage for current retirees who have planned their economic future on promises made to them, should be grandfathered in.

Of course, the Mayor's Retiree Healthcare Benefits Commission, chaired by the ex-city controller, Amer Ahmad, rationalized this proposed course of action by assuming retirees and their spouses not covered by Medicare, could transition to the unproven and untested Affordable Care Act to replace their City health coverage. At this point in time, to even take a chance at degrading the standard of living of those senior retirees who spent the best years of their lives protecting the citizens of Chicago, and risking their own lives to accomplish that task, would seem to be beyond the realm of political agendas and an unconscionable act.

I declare, under penalty of perjury, that this information is true. You may use my submission to present to the court in support of the preliminary injunction.

Sincerely,

Jon W. Cole
14405 North Fork Road, Polebridge, MT 59928
Detective Star Number at Retirement: 20805
Employee Number at Retirement: 133452

From: FRANCIS HARRIS [mailto:francisjharris@wowway.com]
Sent: Thursday, October 17, 2013 5:44 PM
To: Clint
Subject: Retiree Healthcare Submission-Underwood v City –Statement in Support of Preliminary Injunction

Dear Mr. Krislov:

When I received the notice from the City of Chicago announcing the 2014 annuitant healthcare insurance premium rates, I was stunned, shocked, overwhelmed, and awe-struck at the enormous, astronomical, unbelievable, and insane dramatic leap in the 2014 monthly healthcare premium costs.

How could these 2014 annuitant healthcare insurance premium rates be real? Personally, the 2014 monthly healthcare rate increase represents a 48.30% hit. Translated into real dollars and cents, on an annual basis I will LOSE $5,000.00 of monthly pension benefits that will be paid toward the skyrocketed cost of the 2014 healthcare premiums.

I anticipated an increase of 10% to !5% in healthcare costs to be realistic, adequate and acceptable. I find a 48.3% increase in monthly premiums to be outrageous and repulsive.

My personal loss of $5,000.00 in pension benefits will create unimaginable hardships on my family's well being. I may have to pull my son out of college. Food pantry may become our new grocery stores. Prescription drugs will now be a luxury, not a necessity. Drastic financial changes will have to be taken if we as a family are to survive this financial hurricane.

I still need someone to pinch me to reassure me that the just-declared 2014 retiree healthcare rates are not real and I am having a bad nightmare!

I declare under penalty of perjury, that this submission is true.

You may use my submission to present to the court in support of the preliminary injunction.

Francis J. Harris
11723 South Campbell Avenue
Chicago, Illinois 60655-1519
773.233.1444
francisjharris@wowway.com

From: Jim Grant [mailto:jim10324@yahoo.com]
Sent: Thursday, October 17, 2013 11:07 AM
To: Clint
Subject: Retiree Healthcare submission-Underwood v City –Statement in Support of Preliminary Injunction

The City's proposed changes in healthcare costs will adversely effect me financially. I have been retired for more than 20 years. When I retired I received a pension based on the average of the best 4 years salary out of the previous 10 years. Those old salaries do not compare with current salaries and were much less. That pension, and a very small COLA (not compounded) based on the original pension amount, is not much money by today's standards. Having to pay more for healthcare will be taking food from my mouth. I believe that the City made a promise to me regarding my healthcare after retiring and should be held to that promise

1. **"I declare, under penalty of perjury, that this information is true" and "You may use my submission to present to the court in support of the preliminary injunction"**

Signed: James Grant

Jim

From: Chuck Holz [mailto:cholz@sbcglobal.net]
Sent: Monday, October 21, 2013 7:07 PM
To: Clint
Subject: Retiree Healthcare submission-Underwood v City -Statement in Support of Preliminary Injunction

To Whom It May Concern,

I just opened my envelope with next year's premium for Insurance and I was shocked.
I have been on retirement since 2002, when I was forced to retire from the Chicago Police Department after 31.6 years of service. I was on 15 liters oxygen 24 x 7, and was on the list for a Double Lung Transplant. On 5 Nov 2003, I received the call for my transplant, with under two weeks to live.
In 2007 I was informed that I had Barrettes. So every year I was checked out by a specialist. Then in 2009, I was informed that I had esophageal cancer and was given three options:

1. Not to do anything and die.
2. To have my esophagus scraped, to remove the Barrettes and the cancer.
3. To go through surgery and have my esophagus removed.

My doctor said my only option was to have the esophagus scraped, since the 3rd option was too risky with having a double lung transplant.

After 7 scrapings, I was informed that the cancer was not going away and my only option was to have my esophagus removed. But my doctor could not find a doctor that would operate, because of my double lung transplant. It was too risky for them. So I went to see Dr. Love at Loyola Hospital. Dr. Love was the doctor that performed my transplant in 2003 at the Univ. of Wisc. in Madison. Our first visit with him didn't go too well and he wasn't hopeful that I could make it through the surgery. He wanted me to go through some tests prior to our next visit.
On the Second visit he was more hopeful and said he would perform the operation, which took 12 hours, and a 50 / 50 chance of making it.
All went well and I'm still here, alive. My stomach is now in my upper chess area and my heart burn has come back with revenge, which Dr. Love informed me it would.
Then in 2012 I had a lung rejection, partially due to my stomach being so high up in my chess, and stomach content getting into my lungs.
I was put back on oxygen 24 x 7, once again. Today, I'm doing much better and off of the oxygen, while in the house and only use it when I go out shopping or playing with my grandkids.
Presently, I'm on 21 different medications, mainly antirejection medications and medication to prevent reflux, along with high blood pressure and other medications from the after effects of my antirejection medications. This has been a huge out of pocket expense for both prescription and no prescription medication. When I retired gas was around $1.50 a gallon, now that has more than doubled. Food has doubled, clothing has doubled, but my retirement check has basically stayed the same.
With my wife, now retired and living on social security, times are getting rough. Plus my wife is having her own medical problems and on an insulin pump. Now with the new premiums going up it is really becoming a burden on my wife and myself.
I paid into my retirement fund for over 31 years. The city was supposed to have contributed also. It is not my wife's or my fault that the city failed in their obligations to fund the pension fund. I worked hard for the City of Chicago my entire career. I have received the Medal of Valor and Medal of Merit and numerous other awards and letter's from citizens to prove it. For 31.6 years I was a hard working Police Officer for the City of Chicago and its citizens. Any huge increase in the insurance premiums proposed by the City of Chicago, will be a huge burden on myself and my family. With the life that I

have left, I would like to take my grandkids to the local creamery for ice cream, and try and give them what they want so they will have wonderful memories of me. My family and grandkids is all I have left.

1. **I declare, under penalty of perjury, that this information is true" and "You may use my submission to present to the court in support of the preliminary injunction"**

Charles M. Holz
708 Wildwood Dr
Minooka, Il 60447

From: carolekeane5@comcast.net [mailto:carolekeane5@comcast.net]
Sent: Thursday, October 17, 2013 12:18 PM
To: Michalene
Cc: Clint; Ken
Subject: Retiree Healthcare submission-Underwood v City –Statement in Support of Preliminary Injunction

My name is Carole Keane and my husband John P. Keane was a Sergeant on the CPD for 20 years. He died on April 6, 1993. At that time I started to collect his pension. During the entire 20 years I have received no cost of living raises. I am still getting the same amount of pension as I did in 1993. I am now 66 years old, retired, and on a fixed income.

I know that an increase from $79 to $110 a month may not seem like a lot of money to some people but it certainly is to me. I am hoping that this class action suit can be of some assistance to me as well as other people that are in a similar situation.

I declare, under penalty of perjury, that this information is true and "You may use my submission to present to the court in support of the preliminary injunction"

Sincerely,

Carole Keane

From: DENICE LISKA [mailto:theladyfox@sbcglobal.net]
Sent: Wednesday, October 23, 2013 5:04 AM
To: Clint
Subject: Retiree Healthcare submission-Underwood v City –Statement in Support of Preliminary Injunction

Mr. Krislov,

I retired in June 2002 with myriad health issues resulting from my employment as a Police Officer for the City of Chicago.

I purchased a new townhouse in Oswego, Illinois, in August of 2005. The value of the property at that time was $180,000. In order to have an affordable monthly mortgage payment, I placed a substantial down payment. And, after paying a mortgage for over eight years, I have zero equity in the property due to the downturn in the housing market; a loss of $85,600 in net worth.

I'm sure I have most of the same monthly living expenses as everyone else: mortgage, property taxes, utilities, water/sewer and garbage, vehicle and home insurance, vehicle operation and maintenance, telephone, satellite, and Homeowners Association fees. And, of course, credit card bills.

I take five prescription drugs, none of which can be purchased through the generic medication retailers such as Wal-Mart for $3.99 month. The average monthly cost through Caremark is $26.60 (after $100 deductible). I also have to pay my portion of fees for my primary care physician whom I see regularly. I am also seeing an asthma/allergy specialist for treatment of severe allergies. And I was referred to a dermatologist for removal of some suspicious moles.

I don't smoke. I don't buy coffee at Starbucks. The last time I paid to go to the show I saw Avatar. I don't even have a subscription to a daily Chicago newspaper anymore. I live in tee shirts and jeans that I buy at Wal-Mart. I have a pretty frugal lifestyle. My biggest luxury is having my dog and cat.

My daughter and her family live near Antioch, Illinois. I drive there weekly to see my four year old grand-daughter, the apple of my eye! A round trip consumes approximately 7 gallons of gas and a bunch of expensive tolls.

Due to health issues, I retired after only 20 years so my pension isn't huge. And returning to the work force is not feasible. Paying an additional $159, a 54% increase, for a total of $454 per month for my health care premium would be a hardship for me. I really don't know how I could manage that. I don't want to give up visiting my only grandchild. Or stop seeing the primary care physician who has so improved my issues over the last eighteen months. I don't know what I'd do.

Sincerely,

Denice M. Liska
121 Springbrook Trl S
Oswego, IL 60543

From: karen madigan [mailto:busterbull@msn.com]
Sent: Sunday, October 20, 2013 10:07 PM
To: Clint
Subject: Retiree Healthcare submission-Underwood v City –Statement in Support of Preliminary Injunction

"I declare, under penalty of perjury, that this information is true" and "You may use my submission to present to the court in support of the preliminary injunction"

I am currently retired from the Chicago Police Department and paying a health insurance premium of $338.00 per month deducted directly from my pension check. My wife recently underwent bilateral knee replacement and is now on ordinary disability. Thus, she has lost her employment coverage (City of Chicago Police) and must now pay for health insurance. She is not eligible to be covered under my policy. Her healthcare insurance premium is $606.00 per month which I expect will increase effective January 1 2014. We are currently paying over $900.00 a month for health insurance which I expect will be in the area of $1150.00 to $1200.00 monthly with the new increases. Neither myself nor my wife are Medicare eligible at this time.

When I accepted employment with the Chicago Police Department in 1972 I was led to believe that health coverage would be available to myself and eligible dependents (with the city paying the premiums) by the City of Chicago for life. When these new rate increases go into effect about 15 percent of our fixed monthly net income will be spent on health insurance. This is of course, in addition, to rising property taxes, rising home and auto insurance, mortgage and other expenses.

I was employed by the Chicago Police Department for close to thirty-eight years. I saved and planned for retirement. Health insurance was not supposed to be an issue. It was supposed to be provided to myself and dependents by the city even in retirement. At the time I began employment I was given the impression the city would provide coverage for my lifetime at no cost to me. The cost in now placed at 55% and rising with the intent by the city to excuse itself from the health coverage of those employees who have retired. This is an expense that could not be properly anticipated because it should not be an issue. The city was to provide coverage. The city agreed to properly fund pensions. Now it would seem my health insurance coverage is being taken away. Next in line will be cost of living adjustments to my pension. I kept my end of an agreement. I worked and contributed to my retirement. I expect the City of Chicago to do the same.

Sincerely
Raymond Madigan

October 16, 2013

Mr. Clint Krislov
Krislov & Associates, Ltd.
Civic Opera Building, Suite 1300
20 North Wacker Drive
Chicago, IL 60606

Re: Retiree Healthcare submission - *Underwood v. City of Chicago* -
Statement in Support of Preliminary Injunction

Dear Mr. Krislov:

My 69 y/o husband and I are both retired Chicago police officers. What social security payment my husband receives goes towards his Medicare each month, leaving us $23 a month. We have two children who are currently enrolled in college, and one who is able to maintain only a part-time job due to documented emotional issues. All family members are carried on my retirees' BC/BS issued by the police department. Suffice it to say, any increase in the insurance promised to us as a retirement benefit, would be an extreme hardship on an already strained budget.

We declare, under penalty of perjury, that this information is true. Our submission of this letter may be presented to the Court in support of the preliminary injunction of *Underwood v. City of Chicago.*

Sincerely,

Amy Maloney
Amy Maloney

Robert C. Maloney
Robert C. Maloney

My name is Katie McNeff and I am writing on behalf of my dad Ronald McNeff. My dad began working for the City of Chicago in 1977 at the age of 19. He was a dedicated garbage man who went to work early everyday and went above and beyond the job. I can't remember him even missing a day of work. He stayed with the City for 33 years before retiring in 2010. Part of the reason he chose to work for the City was because of the great benefits they offered. In July 2012, my dad was diagnosed with stage 3 squamous cell cancer. But we have come to find out that the $753 that they are currently paying for insurance does not cover all costs. They have an $1100 cancer dentist bill, a $1300 UIC cancer bill, and $500 in cancer bills that pop up here and there. They are already paying an extra $200 a month on top of the $753 for insurance to try and pay off the bills that insurance did not cover. Not to mention the medicine, formula, and bandages that they have to purchase weekly. I even started an online fundraiser earlier this month to help raise money to pay for medical bills. But recently they received a letter in the mail stating that their insurance will go up to $1133 a month. Then 4 days later they received a letter stating that the cost would be $1051 a month. That is an extra $300 a month that they do not have. My mom works as a call center agent for Loyola Hospital, not making much and between the doctor visits she is also missing time off and not getting paid. It has been a really rough year. My dad dedicated 33 years to the City of Chicago; shouldn't he be able to afford health insurance from the City? When you think of the word "retirement" you shouldn't think "what if I get sick am I going to be able to afford Health Insurance?" I think my dad gave enough to the City of Chicago; it's time that they start providing affordable insurance to the ones that earned it.

Thank you,

Ronald McNeff
Kathleen McNeff
Katie McNeff

I declare under penalty of perjury that this information is true and you may use my submission to present to the court in support of the preliminary injunction.

From: brandon medow [mailto:brandonlee023@gmail.com]
Sent: Wednesday, October 16, 2013 10:42 PM
To: Michalene
Subject: Retiree Healthcare submission - Underwood v City of Chicago- Statement in support of Preliminary Injunction

I declare, under penalty of perjury, that this information is true. You may use my submission to present to the court in support of the preliminary injunction.

Having been retired since March of 2006, and having been born in 1955, I am ineligible to receive the annual 3% COLA that those born before 1955 enjoy.
I have not attained the age of 60 years so I don't even get the 1.5% that those over 60 enjoy

Therefore the gross amount of my pension hasn't changed for over 7 years. And while I cant say for certain that the cost of my insurance has gone up in each of those years, (I haven't got the records handy), if I had to bet, I'd say that they have.

Or at least the cost is higher now than it was in 2006 when I retired.

I was never lucky enough to get a promotion, so my pay grade was always the lowest one.

Of course there were raises due to longevity and negotiated contract raises. But still I remained in the D-1 pay grade for my entire 29 year plus career.

Anyway the cost of living has taken, and continues to take its toll on my pension as it eats away at buying power.

A substansial increase in my health insurance premium would definitely decrease the benefits I worked for and earned

Brandon Lee Medow,
CPD Retired

From: John McGivney [mailto:txmanjack@gmail.com]
Sent: Saturday, October 19, 2013 8:44 AM
To: Michalene
Subject: Retiree Healthcare submission-Underwood v City-Statement in Support of Preliminary Injunction

My name is John M. McGivney, I retired as a Sergeant of Police in April 2000. I presently reside in Mokena, Illinois with my wife Marita. We are both 66 years of age at present, as it stands now, I am in reasonably good health, only on one prescription medication for elevated blood pressure. Marita is not as lucky as I am, At age 49, she suffered a heart attack which damaged her heart. She is presently taking 8 different medications I believe 3 of which are not generic, so they are much more expensive. She does everything she can to keep herself in the best condition possible, we have exercise equipment which she uses frequently. Since the original heart attack, which required a stent in the left ventricle, her heart efficiency has declined, she had two more stents in January of 2011. Her heart has recently been diagnosed as only working at 30% from 50% two years prior. This required the installation of an electronic pacemaker and defibrillator, which was done to increase the heart activity and prevent sudden death.

We desperately need this medical coverage, it is difficult even handling the deductibles at times. Every penny counts and I wouldn't be able to do a part time job with the circumstances I have described above. We are living on pension only in this economy. Even medicare is not what it used to be because we are baby boomers. I am simply being put in a bad financial position if these increases go into effect. Thank you for listening to me.

John M. McGivney
19243 Thornham Lane
Mokena, Illinois 60448

"I declare, under penalty of perjury, that this information is true" and "You may use my submission to present to the court in support of a preliminary injunction"

From: billymac6441@comcast.net [mailto:billymac6441@comcast.net]
Sent: Friday, October 18, 2013 6:08 PM
To: Michalene
Subject: Retiree Healthcare submission-Underwood v City--Statement in Support of Preliminary Injunction

Dear Michalene,

I have four adult children who all attended college and due to my retiree insurance policy terms, my children lost (and will lose) health coverage under my plan at the age of 22 --I did not receive coverage until they reached age 26 years like those so happy with the new healthcare law. My daughter, Anna, 25 years, is now covered by her employer. Before she got hired, I paid her health insurance premiums with another provider. I have the same dilemma with my other three children. One child is 24 years old and works, but her employer does not provide coverage, I pay her healthcare coverage, so there are additional healthcare insurance premium payments there. My two other children are in college. One will be turning 22 years in December and will lose coverage under my retiree plan, so I will paying additional healthcare premiums for him. My youngest child does not turn 22 for another 18 months so I have a bit of a breather with him.

I just went on Medicare in August of 2013 and was relieved because by premiums were supposed to go down---finally. So, after my monthly payment to Medicare, my healthcare costs were reduced a mere $100.00 per month, but at least the cost went down by $100.00. However, with the new healthcare premium proposed for 2014, my healthcare costs will increase by $250.00 per month. So, I am going from saving $100.00 per month to paying an additional $250.00 per month--an overall increase to me of $350.00. Considering that this policy only covers myself, my spouse and two children and one of those children will be kicked off of the policy this December, this is an unbelievable financial burden. Not only will my retiree healthcare costs increase by $350.00 BUT in two months I will be paying on two additional healthcare policies for my children who are over 22 years of age and are not yet in the work force.

The government promised that healthcare costs would go down and my costs are not only going up by a few dollars, but by large amounts!! How can the government and City of Chicago get away with telling such untruths and misleading thousands of people!!

I am disgusted with the City's proposed changes. The City contracted to provide my healthcare benefits and now as I enter the Medicare system, the City is moving the goal posts and changing the rules.

I declare, under penalty of perjury, that this information is true. You may use my submission to present to the court in support of the preliminary injunction.

Sincerely,

William F. McNamara

From: Michael Murphy [mailto:mmurphy41@cox.net]
Sent: Monday, October 21, 2013 7:12 PM
To: Clint
Subject: Retiree Healthcare Submission - Underwood V. City - Statement in Support of Preliminary Injunction

To Whom it May Concern:

My name is Michael J. Murphy. I retired in 1996 after over 30 years of honorable service with the Chicago Police Department.

I have suffered at least one heart attack, and have undergone two quadruple bypass surgeries. My medical conditions are ongoing. I cannot work.

My wife is disabled. We rely on several daily prescribed medications.

An increase in medical premiums would devastate this family.

I declare under penalty of perjury that the above summary is true to the best of my knowledge.

You may use this summary to present to the court in support of the preliminary injunction.

Best Regards,

Retired Sergeant
Michael J. Murphy
2230 E. Monona Drive
Phoenix, AZ 85024-4433
(602) 787-8284

From: william murphy [mailto:argentstar@mchsi.com]
Sent: Wednesday, October 23, 2013 2:02 PM
To: Clint
Subject: Retiree Healthcare submission-Underwood v City -Statement in support of Preliminary Injunction

First, I'd like to thank you for your timely e-mail's that keep me informed about the status of my healthcare. Here is my situation. I retired in jan 1999 (healthcare was $222 a month then) I'll be 68 next month, but I'm NOT eligible
for medicare, and neither is my wife. When I went to apply for medicare at age 65 the Social Security board explained to me that I was four quarters short of paying into Social Security to be eligible for medicare. I could have "piggy-backed on my first wife's SS because we had been married for sixteen years and divorced in 1985 Since I remarried in 1989 to my current wife who is not eligible for medicare for another four years....... I will not be eligible until then. The bottom line is that according to the January 1, 2014 rates I'll be paying $982 per month. I'v seen a steady escalation each year since retirement, but the jump this year is a backbreaker. At an age when we'll probably be more likely to need a doctor, I have to decide weather to cancel this backbreaker of a
health care bill just to handle the necessities. My wife and I have put off dental work. We buy reading glasses at walmart. We have 12 & 21 year old cars. We're frugal. We own our house.....and I guess were lucky compared to a lot of folks. It's frustrating to
think of all the years I'v been paying for healthcare, and never needing it, and now when it's most important it's becoming unattainable. At this time i'm sort of "paralyzed" by the $982 pr month number (almost a third of my pension) and I'm sure the deductible
will be just as scary (how appropriate..it's halloween) At this time I'm exploring all options, wondering how many other police officers didn't work enough part-time jobs during their careers to qualify for medicare ?

I declare,, under penalty of perjury, that this information is true and " You may use my submission to present to the court in support of the preliminary injunction

Thank you again for all your work & effort

Mr. William A. Murphy
1910 Warren Street
Marion, Illinois 62959

Retiree Healthcare submission-Underwood v City –Statement in Support of Preliminary Injunction

My name is Ann M. Nakaguchi and worked for the City of Chicago for approximately 29 years. Having worked the majority of my career for the City of Chicago, and not being able to pay into FICA, I felt fortunate that I would be provided with health benefits upon my retirement. When I started with the City of Chicago in 1981, employees did not pay into FICA. It is my understanding that until 1986 when contributing to FICA for new employees became mandatory, government agencies were given the option of contributing to FICA or providing health insurance to their retirees. In 1986, my fellow employees requested that we also be able to pay into FICA and were told no.

Though we were disappointed that we could not pay into FICA, we knew that if we were not able to accumulate sufficient quarters/periods upon retirement to qualify for Medicare, we still had a health plan available to us at a reasonable cost. Now, that that option is being taken away, we are being left with not only the hardship of searching for a comparable health plan, but a major increase in cost.

What also is upsetting is that the City of Chicago decides to spend huge amounts of money on projects such as renovating an existing park and building a stadium for a private organization rather than taking care of the employees that kept the Chicago and the City of Chicago government viable and functioning.

The particular group that I am in, those employed prior to 1986, but not part of the two covered groups, should be covered and be provided annuitant health care at the current rates. Because the City of Chicago would not let us pay into FICA, we are in the position of being non-Medicare eligible and thus saddled with more expensive premiums. Those employees hired after 1986 will qualify for Medicare and thus, not cost the City of Chicago as much money in premiums.

As the City of Chicago decreases their share of the cost of the premium over the next few years, my cost increases and by the time the City ends annuitant health care at the end of in 2016, my cost for a comparable plan will at least triple what I pay in 2013. I am in a group caught in the middle because of choices the City of Chicago made prior to and in 1986. The City of Chicago needs to step up and make us whole.

I declare, under penalty of perjury, that this information is true.

You may use my submission to present to the court in support of the preliminary injunction.

Ann M. Nakaguchi

From: Donald B. Nauer [mailto:n9rwb@comcast.net]
Sent: Tuesday, October 22, 2013 9:12 AM
To: Clint
Subject: Retiree Healthcare submission-Underwood v City –Statement in Support of Preliminary Injunction

In September 1970 I entered the Chicago Police Department's Training Division to become a Chicago police Officer. At that time we were promised by the then Mayor of Chicago Richard J. Daly, that our health care and a pension would be there for life. We were also made aware that we did not have a retirement plan related to Social Security but instead had an employee pension plan.

Over the years we were told by the City of Chicago administrators that our pension and health care benefits were protected for us and spouse thru out our retirement. As the years went on we continued to make our required contributory payments to the promised plans. In 1999 I retired with an earned pension and health care benefits that I was told that we would have. I retired with less than full pension (almost 30 years of service) but with a pension and health care that I and my wife felt we could live with.

I didn't know at the time of retirement that the City of Chicago had failed to live up to its promises of our earned pension and health care funding; that payments that were due into the pension system to keep us able to live out our earned retirement were not being made, that they were diverted to other areas of the City of Chicago's reserves to fund other areas.

I felt that the promises made to us in the 20 century were going to be kept but come the 21st century, promises were broken and plans made to us were becoming unrealized. When I became a police officer I didn't take the job to get rich, but rather to continue to serve society as I did my previous four years in the service of my country in the Air Force (1964 – 1968).

Now it seems that the City of Chicago has funding for all kinds of things in the city, but not for those of us who served so faithfully for so many years.

Future required payments by us diminish mine and my wife's ability to live expecting health care and earned pension benefits we paid for to be there for us. Health Care benefits that we were promised at the time I joined the Chicago Police Department have all but disappeared or require payments that reduce our living capability in our later years substantially.

Our present costs for Health Care that include prescription drugs monthly are presently $202 monthly, $2412 yearly at this time, with the expectation of huge future increases until terminated in 2017. This isn't what was promised us when I became a member of the Chicago Police Department.

Losing our medical plan that we were promised would be there after retirement would be a tremendous hardship at our age I am 70 and my wife is 66. I have already had prostate cancer and rely on medications and treatment for prevention of its return. My wife also has required needs for medications to maintain her present health.

A loss of these benefits would be a tremendous hardship at this time of our lives.

I declare, under penalty of perjury, that this information is true" and "You may use my submission to present to the court in support of the preliminary injunction"

Donald B. Nauer
11525 Windsor Ct. Huntley Il 60142-6214

847-659-9052

Donald B. Nauer
n9rwb@comcast.net
sent from my iMAC

From: Barb Panagas [mailto:bpanagas@gmail.com]
Sent: Wednesday, October 16, 2013 7:21 PM
To: Michalene
Subject: Retiree Healthcare submission-Underwood v City-Statement in Support of Preliminary Injunction

I declare, under penalty of perjury, that this information is true and you may use my submission to present to the court in support of the preliminary injunction.

Let me preface this by saying that my wife and I do NOT live beyond our means! We do not take a yearly vacation or own expensive cars (I drive a 2012 Honda Accord and my wife drives a 2001 Honda Civic). In fact since 1999 we have been on three trips, twice to California (visit family) and once to Florida. I believe that averages out to every 4.5 years.

I have been retired since 2008 drawing my pension and a minimal amount of social security ($338 a month!). My wife is unemployed and has been since 1999 - not by choice. She had her first mastectomy in August of 1999 and the second one in September 2004 as well as an explant and It took us about a year each time to pay our out-of-pocket portion to the Physicians and Hospitals. She has been seeking employment for quite some time with no positive results to date. I have had major back surgery in 2009, an Adrenalectomy and Open Heart surgery in 2010 and health issues that require regular doctor appointments and ancillary services as well as daily medications that total 9 not including required vitamin supplements.

Our mortgage, loans, car payment and utility bills alone take more that half of my monthly pension. Then of course there is car insurance, life insurance, credit card debt, medications and the list goes on. Add in the cost of gas and groceries and that leaves us living "paycheck to paycheck" every month.

We made cut backs in our home last year when I went on Medicare and our cost of B/C insurance went to $530.

An increase from $530 to $697 A MONTH!! ANOTHER $167 A MONTH -- $2,000 A YEAR IS JUST NOT in OUR BUDGET!!

STOP THESE INCREASES - THEY ARE FORCING MIDDLE CLASS AMERICANS WHO HAVE WORKED AND EARNED AND SAVED ACCORDINGLY TO BECOMING.....LOW INCOME FAMILIES WHO ARE NOW IN NEED OF ASSISTANCE FROM GOVERNMENT PROGRAMS (WHO ARE OUT OF MONEY!)

HELP THOSE OF US WHO ARE FENDING FOR OURSELVES IN THIS DREADFUL ECONOMY AND DO NOT WANT TO BE FORCED INTO SEEKING FINANCIAL ASSISTANCE, FOOD STAMPS, ETC., ETC., OR FORCED INTO FINANCIAL RUIN!

Retired Police Officer
Peter G. Panagas

Retiree Healthcare submission-Underwood v City –Statement in Support of Preliminary Injunction

Dear Clint Krislov of Krislov & Associates,

First of all I wish to thank you for being our voice in our effort to be treated fairly by the City of Chicago with whom I had been employed for almost 39 years.

I began my employment in February of 1962. At that time, the annual salary of a starting Patrolman was approximately $5,000.00. That wasn't a lot money but sticking to a careful budget and working second jobs, one could survive. At that time, our employer, the City of Chicago, did not provide us with health insurance; we had to purchase it on our own. There were three plans offered to us and the competition between the three plans kept the rate affordable. The City of Chicago would deduct the insurance premium from our paychecks and forward the payment to the company we had chosen as our health insurance provider. This remained the practice for over ten years. In that time, through negotiations our annual salary continued to rise. At some point in the 1970's, the City of Chicago chose to pay for our health insurance in lieu of an actual pay raise. The result was more actual dollars in our monthly paycheck, which was in effect, an increase in our paycheck.

Through the ensuing years, we continued to receive pay raises and at some point began to pay a portion of our health insurance premium which also rose over time. As the time for retirement neared, a new home budget on a fixed income became necessary. Upon my retirement in 2001, saving and careful planning made possible a modest existence for my remaining years on this earth. Now my former employer, the City of Chicago, wishes to take away actual dollars from my earned pension check. Had the City of Chicago not provided paid insurance in lieu of a raise that year, the dollar amount in my pension check would have been significantly higher.

I declare, under penalty of perjury, that this information is true.

You may use my submission to present to the court in support of the preliminary injunction.

Thank you,
Paul Parizanski

From: Vladimir Perovich [mailto:19paul@ozarkmountains.com]
Sent: Monday, October 21, 2013 12:14 PM
To: Michalene
Subject: retiree health care submission-underwood v city-statement in support of preliminary injunction

Mr. Krislov:

1. I am 61 years old and have been diagnosed with acute diabetes and I am unable to work. I live in rural Arkansas and there are NO jobs even if I could work.
2. My wife is unable to work because she is disabled and is not eligible for disability of any kind.
3. Our only source of income for my wife and I is the City of Chicago Pension check I receive monthly.
4. My 27 year old son is disabled because he has Downs Syndrome and Congestive Heart Failure. I am court ordered to pay $500.00 each month for child support for the rest of my or his life as well as providing him with Health Insurance. The total of this liability is $1,100.00 out of my pension check.
5. I live in a single wide mobile home in rural Arkansas and I drive a
1972 Ford pick up truck (not restored). I cannot live any cheaper than I am currently living. By the 3rd week of the month, I am broke.
6. My medication and my wife's medication is very expensive and consumes a substantial amount of money from my monthly pension check.
7. We shop at Aldi's food store and discount stores for our daily essentials. We cannot afford to eat out and only cook from scratch from home.
8. We are unable to go on any vacations since I retired in January of 2007.
9. We have to shop at thrift stores for clothing because we cannot afford new clothing.
10. Neither myself or my wife were allowed to pay into Social Security, so therefore we are unable to receive benefits from Social Security. So we only have my pension to rely on.
11. Due to the economy, what little savings we do have, we are using to supplement our monthly expenses. This is quickly being depleting and there isn't much left.
12. I lost any Deferred Compensation as a result of my 1st divorce. 13.
Our health care benefits do not pay for preventative care (ie: mammograms, gyne exams, annual physical exams, etc.) which we have to pay for out of our own pocket further depleting our monthly income.
14. When I retired, my contract through the Chicago Police Dept. (a bidding legal document) declared that I would have Health Insurance Benefits. It is no different than a mortgage or car payment, etc.. How can the city just take it away???? If I didn't pay my mortgage or car payment, I would loose my home or car. A legal and lawful agreement is just that, the city is obligated to be held accountable for it.
15. I helped to supplement the retiree's before me, now it is time for the present employees to supplement mine.
16. We moved to rural Arkansas because we could not afford to live in Illinois, yet we are subject to the consequences of their outrageous spending and problems and do not reap any benefits from this spending and now they want retirees to pay more for health insurance. They are making their problem our problem.
17. An extra $150.00 a month in insurance premiums will gravely subject us to further hardship and could possibly subject us to loosing our mobile home.

"I declare, under penalty of perjury, that this information is true" and "you may use my submission to present to the court in support of the preliminary injunction".

Vladimir Perovich

From: Al Pfeiffer [mailto:dawgmann@citcom.net]
Sent: Wednesday, October 16, 2013 8:25 PM
To: Michalene
Subject: Retiree Healthcare submission-Underwood v City -Statement in Support of Preliminary Injunction

I declare, under penalty of perjury, that this information is true and You may use my submission to present to the court in support of the preliminary injunction

To whom it may concern

In 1998 while employed as a Policeman for the City of Chicago I suffered a severe heart attack, and after 30 years of service to Chicago I consequently underwent a quadruple by-pass operation. The heart attack was deemed to be duty related by the pension authorities due to legislation regarding heart disease and duty affiliation passed in Illinois Congress. Due to my medical condition, I was placed on what is commonly referred to the "Heart Bill Disability". I am now retired due to my age. I have been taking 8 medications daily. My health is not good and if forced to pay for medications out of pocket, the financial strain would be tremendous. I also must visit doctors more frequently than the average person, as since 1998 I have had to have several stents placed in my arteries. If forced to pay for health insurance, higher and more frequent co-pays and deductibles as well as the cost of prescriptions, I would be under a tremendous financial strain. All this because my health was compromised due to my service to the City of Chicago. Please help me. I don't know what I will do if my health care is revoked. I was promised retiree health care when I was an employee as health care was negotiated as part of my wages. It seems blatantly unfair for the city to revoke something that was awarded as a way of reducing the cost of wages when I was working. It seems the mayor has plenty of money for his pet projects and yet states he is cash scrapped when it comes to honoring promises made to the people who gave so much to the city. When I retired, I never dreamed that I would have to have this huge financial burden. We were never told this would happen, and now the retirees have to face dire straits because the city has reneged on its responsibilities to the very people that upheld their part of the employee/employer relationship.

Thank You

Albert Pfeiffer

From: Bette Reskey [mailto:br3927@msn.com]
Sent: Wednesday, October 23, 2013 12:07 PM
To: Clint
Subject: Retiree Healthcare Submission-Underwood V City Statement in support of Preliminary Injunction

My name is Bette Reskey and reside at 13020 S. Manistee Avenue Chicago, Il 60633. I was hired as a Chicago Police Officer on February 14, 1983. I retired from the job on March 15, 2003. I do not qualify for Medicare as I am only 62 years old. My date of birth is December 19, 1950.

I am writing in regards to how the City's proposed healthcare change will affect me. I only receive my pension check and live just month to month with that money. I struggle now because my daughter and 2 grandsons are living with me. My daughter works only 20 hours a week making minimal wages and tries to help me with the household bills besides paying her own bills. Now with the increase the city wants us to pay for our insurance is really going to put me on a tighter budget yet. My increase for health insurance will be over $100.00 a month and the deductible also increases another 3%. Not only these increases but some things are not covered by the insurance, so I have to pay for these test and x-rays out of my pocket which mean household bills would not get paid. As you can see any increase in premiums will affect me.

"I declare under penalty of perjury that this information is true" and "You may use my submission to present to the court in support of the preliminary injunction."

Sincerely,
Retired P.O. Bette Reskey

From: bobscarpetti@aol.com [mailto:bobscarpetti@aol.com]
Sent: Friday, October 18, 2013 7:59 PM
To: Clint
Subject: Retiree Healthcare submission-Underwood v City –Statement in Support of Preliminary Injunction

Mr. Krislov,

I retired after 32 years with the Chicago Police Department, 1967 to 1999. I like to think I survived 32 years. We lost over 80 Police Officers in the line of duty during those years. It wasn't easy at times, but I knew it was a dangerous job and so did my wife. I am not complaining about that, I loved my job. During those years I worked many part time jobs to help in my later years with Social Security since I was only putting money into the Police Pension Fund.

Now comes the our fine Congressmen & Senators with the **Government Pension Offset Act** and the **Windfall Elimination Provision, that says in essence that if you have a private Pension were not going to give you all the money that you saved in your Social Security Account when you retire. I don't remember the % but I know its over 40%. So, before I retire I know I'm going to get less money from Social Security. It was hard to swallow.**

I still felt I would be ok knowing that I had a Pension coming from the City of Chicago and Health Care which I paid for as did the City contribute to. Slowly the City started reneging and not paying into the Pension Fund, **they owe Our Pension Fund over 64 Million Dollars. Our health care has gone up during my 14 years of retirement but this latest raise by the City is just braking my back. I'm going to be 72 years old this year, my wife is going to be 60. My wife didn't work at first but started a part time job as I have. Now she is working 40 hours a week so we can get by. I work when I can at side jobs but we still have a mortgage and we refuse to let it go into foreclosure.**

This raise to our Health care is going to hurt us we our being raised $218.00 over 50%. Besides that we don't even know if we will get a Cost of living raise from because the great State of Illinois can't get their S----t together. Its a 3% raise every year on the original amount you retied on, its not compounded. That's $116.00 a month I won't be getting if they take it out. I get just under $4,000 a month now and this Healthcare Raise is really going to hurt us.

The City has throw us to the Wolfs and don't care about retired guys who protected the City and its people for years, all they care about is themselves

Respectfully,

Robert C Scarpetti
14623 N Glenpoint Drive
Fountain Hills, AZ 85268

"I declare, under penalty of perjury, that this information is true" and "You may use my submission to present to the court in support of the preliminary

From: Kevin M Sanders [mailto:sanders.k@sbcglobal.net]
Sent: Sunday, October 20, 2013 7:47 PM
To: Clint
Subject: Retiree Healthcare submission-Underwood v City- Statement in support of Preliminary Injuction

Mr. Krislov,

My name is Kevin Sanders, I spoke with you on the phone and you told me to email you on how the extreme raise in my monthly health insurance premium is affecting my family. My wife and I have never over extended ourselves, we felt it was our job to help our children have a better life and that is where most of our earnings have gone. When the economy started going bad we remortgaged our home, not for fancy vacations or new cars, but for college tuition and loans so that our children could have a chance at a decent future. We knew that we would have to work and we both excepted the fact, I have been working since I retired, but due to the economy I have lost two jobs and my wife will have to take a pay cut in January to keep hers. After taxes and health insurance premium deductions I clear $3,100 a month from my pension; with that I must pay mortgage, high real estate taxes, utilities, all other insurances and bills. I am left with $300 a month. Now the city is raising my premium another $300 a month and I will have nothing left from my pension. I cannot find another decent job and delivering pizzas will not help my situation. I understand that the city will be phasing out health insurance for retirees at the end of 2016, but why must they bankrupt my family in the meantime. The mayor has $125 million set aside for a basketball center for a private university. I still pay taxes and I would like my tax money to go to help resolve the health care problem in the next few years. I worked and payed into everything my pension and health care and when I retired I signed an agreement that these benefits would be provided to me. The city has broken their agreement by under-funding the pension, selling off revenue and trying to make us the scapegoats. Thank you for taking the time to read this, please let me know if I can be of any further assistance in your class action suit. As a former Union Stewart I have been involved in contract negotiations and I know how the city lies and I feel I could be a good witness.

I declare, under penalty of perjury, that this information is true. You may use my submission to present to the court in support of the preliminary injunction.

Kind regards,

Kevin Sanders
(312)415-6181

1840 N. Newcastle Ave
Chicago, IL 60707-3312

Retiree Healthcare Submission - Underwood vs City

Statement In Support of Preliminary Injunction

I have been retired from the Chicago Police Department since May 16, 1999, following 29 years of service and dedication to the City of Chicago. I was a police officer, Detective and finally promoted to the rank of Sergeant in June 1990. I have been paying premiums on my health Insurance with the city since June of 1999. These monthly rates were as low as $290/month (retiree & spouse) and as high as $716/month (non-medicare/non-medicare). Each year, upon receiving my fixed C.O.L.A. increase of 3% (approximately $113.00/month) much of that "cost of living increase" went right back to the city of Chicago in annual Healthcare Premium increases. At the present time (BEFORE taxes) my monthly annuity is $4,674.90. After withholding taxes AND Healthcare Premiums it is reduced to $ 3,484.77.

I was recently informed that in the Mayor's "phase-out" of our city-provided Healthcare in 2014, my premiums will increase to $988/month. That means even with my so-called C.O.L.A. in 2014, my net monthly annuity will be **reduced** (MINUS) -$207./month from 2013.

My wife has some medical problems including diabetes. She takes 5 separate insulin shots each and every day. She also must check her blood sugar 4 times every day. After checking some of the information on the Insurance Exchange websites (checked other states prior to the rollout -I couldn't get through to Illinois' site without signing up) it appears that our healthcare insurance would cost us approx. $1600/month for coverage with MUCH higher deductibles and out-of pocket expenses, mostly due to our age as well as the fact that we would not qualify for any government subsidy. .

I served the city with dedication for 29 years. **We were all PROMISED** that our healthcare would be provided on the City Plan in retirement. We have never balked at the ever-increasing monthly premiums, even though today, **police officers can retire at age 55 with as little as 20 years on the job and have their entire families' healthcare premiums TOTALLY subsidized by the city and Pension Board until they reach Medicare age.**

I can only wonder, WHY... if the city is **truly** having financial trouble, they would eliminate healthcare for its oldest retirees who have much more modest pensions than those retiring today, while offering those newer retirees with much healthier pensions this benefit (basically free of charge) which, in today's monthly premiums alone **without even calculating any future annual increases,** would amount to covering over $ 86,000 in premiums for each new retiree over the next 10 years or $ 8,600/yr that they never have to worry about paying....**but WE are the ones chosen to be cut off with NOTHING?**

I am appalled that they Mayor and the city of Chicago would think so little of its FIRST RESPONDERS who dedicated much of their lives to serving and protecting the citizens of Chicago, that they would think a broken promise is the best that they have to offer their most senior retirees. That is shameful.

Ret. Sgt Robert W. Sarnowski
794 Abbey Mist Court
Elgin, Il 60124

I declare, under penalty of perjury, that this information is true.
You may use my submission to present to the court in support of the Preliminary Injunction.

From: Em [mailto:res7775@yahoo.com]
Sent: Monday, October 21, 2013 1:52 PM
To: Michalene
Subject: Retiree Healthcare submission-Underwood v City - Statement in Support of Preliminary Injunction

I retired in 2006 and diagnosed with Multiple Sclerosis, an autoimmune disease with no cure. I am very worried about the medical changes the City is about to take.

I am on a disease modifying drug which I need to take daily in order to lengthen the progression of the disease along with several other medications that help with quality of life issues MS causes. These medications cost thousands of dollars a month. I don't want to contemplate what would happen to me if the coverage changes. I couldn't absorb the cost.

Will I loose my Neurologist who I have to see every three months so he can monitor my progress? Will out-of-pocket expenses skyrocket? These are questions that are very serious for me.

The current plan I am on has been wonderful for my health and wellbeing and one I don't want to loose.

I declare, under penalty of perjury, that this information is true. You may use my submission to present to the court in support of the preliminary injunction.

Emily Siwek

Sent from Emily's iPad

From: Len Stocker [mailto:lstocker51@att.net]
Sent: Monday, October 21, 2013 4:44 PM
To: Michalene
Subject: Retiree Healthcare submission "UNDERWOOD vs CITY--Statements in support of Preliminary Injunction

"I declare, under penalty of perjury, that this information is true" and "You may use my submission to present to the court in support of the preliminary injunction" .

I, Leonard STOCKER, worked as a Chicago Police Officer for over 34 years. I retired at 60yrs old. I am married. Over the years, when I started, I was promised not to worry about my Health care. Richard J. Daley made that promise in 1976 when I started and his son Richard M. Daley continued to re-enforce that promise along with the current mayor. I was promised that the city would pay my medical health insurance if I worked till I was 60. I attained that goal. The City stated/promised/ and it is in the contact that the city would pay my Medical until I reached my 65th birthday(Medicare eligible), at no cost to me or a reduction in my pension.

Under Congressman ROSTENKOWSKI, the congress reduced my social security entitlement by over 40 Per Cent. Now the city wants to reduce my pension by over 26 Per Cent. This is a total of 66 Per Cent. We are retired. How much more are we expected to pay for others or forgive what is owed to us.

I can not keep supporting other people. I was promised something, paid my share of 9 1/2 Per Cent out of my check along with the Deduction for Health coverage. I worked a second job on my days off, went to court, worked holidays, midnights, afternoons, and gave up Christmas/ family get togethers. I kept my promise/contract without a complaint. I expect the city to keep theirs.

Not only will I have to pay for my own/family Health insurance coverage over approx. $800.00 a month, but my deductible is also going to increase to $6,000.00. I will have to budget $1,300.00 dollars a month(net). This will reduce my pension by approx. 26 Per Cent. This was not what was promised or was stated to me that I didn't have to worry.

I can't afford this new penalty with a mortgage, car payment, utilities, and food. I can only budget so much.

From: Al [mailto:Pilotcop@sbcglobal.net]
Sent: Saturday, October 19, 2013 2:47 PM
To: Michalene
Subject: Retiree Healthcare submission-Underwood vs. City - Statement in Support of Preliminary Injunction

Since the changes have been going on as to the coverage by the city towards my health coverage, When I came on the job back in 1967 as a Cadet and then in 1968 as a Police Officer, I was told at both times that the one thing that I have to look forward to was that the city will take care of my health coverage for the rest of my life. As mentioned when I was going through the school as a cadet, this was something that you thought about as a nice incentive to remain and become a police officer.

Since the changes that the city has made to our coverage, it will affect me in a few ways. I am 65 yrs. old and presently work at a University here locally in one of the suburbs of Chicago. I have paid for health insurance for myself there also. With the age, I was looking at retiring this coming year. My wife is 62 yrs. old and she will not be eligible for Medicare for three more years, With putting three girls and a son through catholic grammar schools and catholic high schools, and then college, it definitely doesn't give you a lot of money to put away for retirement. However, with the idea that the city was covering us with healthcare etc.. I was able to see the light at the end of the tunnel. With these changes and more pay towards the health coverage, which as mentioned above when I came on the job was told that the city would cover us with health coverage for the remainder of our lives, I was looking at retirement and everything, but again with the higher cost of health coverage and as you get older there are the possibilities of more things going wrong as to health, when you need the city to take care of you the most after giving it 31 yrs. of my life, they definitely don't seem to care about us.

As I mentioned I was looking at retirement next year, and although I am able to be on Medicare, my wife is not, and since the extra cost that we are talking about having to pay, I am actually now considering working another 3 yrs. longer to be able to cover her with health coverage, in case some other changes are implemented over the next three years.

I don't think any of us are asking anything heavy from the city, and I understand that the cost of health insurance and so on is going up all over, I would have even understood if the city raised our cost say 10% over the next few yrs., but to go to this extent just hurts..

Al Szoldatits
8606 Brookside Glen Dr.
Tinley Park, IL 60487-7077

" I declare, under penalty of perjury, that this information is true" and " You may use my submission to present to the court in support of the preliminary injunction."

Debra Szparkowski

10504 Shilling Rd,

Frankfort, Illinois 60423

Retiree Healthcare submission-Underwood v City-Statement in Support of Preliminary Injunction

I declare under penalty of perjury, that this information is true" and "You may use my submission to present to court in support of the preliminary injunction".

Please let me introduce myself. I am a retired Chicago Police Officer with 22 years of service to the people of Chicago from 1986 to 2008.

When I was hired as a Chicago Police Officer I was promised certain benefits. Several of those benefits were a pension after 20 years of service, job security, and group healthcare during employment and after in retirement. In exchange I was required to work different 8 hour watches; weekends; holidays and days off usually in court. I missed many family functions and time with my children and husband.

I protected and served the citizens of Chicago very well during those 22 years on and off duty. I expected to enjoy my well - deserved retirement, believing in the promises I was given upon employment.

During my 22 years of service to the citizens of Chicago I received injuries to my knee and back causing me constant pain and suffering.

Little did I know these injuries were the least of my worries, unfortunately 6 months after I retired I was diagnosed with leukemia. Currently I am in remission but am told by my doctors that this illness will return. My illness has kept me from seeking employment to supplement my retirement income.

I am far from the age needed to apply for Medicare. The substantial increases proposed by the City of Chicago will greatly affect my retirement as a whole. I will have to be very careful with my future expenditures, it will limit greatly the retirement I envisioned in 1986.

Once we reach the end date that the City of Chicago is proposing my insurance under the Affordable Care Act will be $866.00 a month(as of today's date), which is not affordable on my pension.

Since the City of Chicago is going to continue group healthcare coverage to those retirees who attain contractual ages of 55/60 I see no reason that the promise I was made in 1986 should not be honored.

One other benefit which I will be denied is the income tax credit I receive from having my healthcare costs deducted directly from my pension.

Promises made to retirees should be kept. We put ourselves in danger every day for the citizens of Chicago, 24/7. We worked hard for our promised benefits and do not deserve what is being done to us.

Debra Szparkowski

Debra Szparkowski

Vincent J. Vogt
N 8997 East Shore rd
Marenisco, Mi, 49947

Clint Krislov
Krislov & Associates, Ltd.
Civic Opera Building, Suite 1300
20 North Wacker Drive
Chicago, Illinois 60606
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Facsimile: 312-606-0207
Website: www.krislovlaw.com
Email: clint@krislovlaw.co

Retiree Healthcare submission-Underwood v City –Statement in Support of Preliminary Injunction

Dear Mr. Krislov

"I declare, under penalty of perjury, that this information is true" and "You may use my submission to present to the court in support of the preliminary injunction"

I am writing this letter to inform the court how the proposed increase to the cost of my health insurance will impact my life and place a substantial financial hardship in the years ahead to myself and my spouse. My wife and I have been paying a substantial monthly premium up to this point and have been drawing down on our savings to subsidize our monthly living expenseses. In addition my wife recently retired and will take a drastic cut in monthly income over the rest of her life. I feel if these increases the city is mandating are allowed to stand they will severely impact the quality of our lives in a negative way.

Vincent J. Vogt

Vincent J Vogt 10/17/2013

From: Vincent Vote [mailto:gogebic@hotmail.com]
Sent: Wednesday, October 23, 2013 4:01 PM
To: Clint
Subject: Retiree Healthcare submission-Underwood v City-Statement in Support of Preliminary Injunction

"I declare, under penalty of perjury, that this information is true" and "You may use my submission to present to the court in support of the preliminary injunction"

Dear Mr. Krislov

I am writing this letter to inform the court how the proposed increase to the cost of my health insurance will impact my life and place a substantial financial hardship in the years ahead to myself and my spouse. My wife and I have been paying a substantial monthly premium since my retirement in May of 2005 and find it necessary to draw down on our savings every month to subsidize our monthly living expenses. In addition my wife recently retired and will take a drastic cut in monthly income for the rest of her life.

When I was hired by the City of Chicago on March 19th of 1973 the "City" never withheld Medicare or Social Security taxes on my pay. This non withholding of taxes continued until my retirement on May 2, 2005. If it were not for the part time jobs I worked over the years to supplement my police salary I would not by entitled to those benefits. My wife and I were both born in 1951 and will be eligible for Medicare in November and April of 2016.

Since the City of Chicago was never required to withhold Medicare and Social Security I always assumed my pension tax that I payed over the years of City employment would replace those two very important components of retirement that citizens of this country are entitled to. I feel if these premium increases are allowed to stand they will severely impact the quality of life in a negative way.

October 23, 2013

Mr. Clint Krislov:

Re: Chicago Annuitant Healthcare Benefits

I received the letter from Amer Ahmad, City Comptroller, Dept. of Finance, explaining the future of
Healthcare benefits to Chicago retirees. I will be affected by the decisions made by the Retiree Healthcare Benefits Commission.

I retired at age 56 from the City of Chicago Police Department on October 16, 1989 – 53 days after the cutoff date of August 23, 1989 that is being used for future benefits. I was with the Department for approximately 21 years.

I turned 80 on May 29th and had always expected that I and my wife would have our health coverage until our deaths. Now we may be forced to try and find something comparable to the excellent coverage we have had and to also be able to afford the cost. This of course causes great concern. I am sure you hear about cost of living expenses all the time and how they seem to spiral out of control causing seniors to constantly downgrade all aspects of their lives. Unfortunately these appear to be non-ending and hard choices have to be made.
My gross pension earnings is $2,448.17. $120.00 is taken out for Federal taxes and $205.00 for Blue Cross/Shield for me and my wife. This leaves a net pay of $2,123.17. After looking at alternative health care plans it is quite apparent that a bigger chunk would be removed from this income if the current benefits are eliminated.
I declare, under penalty of perjury, that this information is true. You may use my submission to present to the court in support of the preliminary injunction. Any consideration that could be given to having the Annuitant Healthcare Benefits remain in effect would be greatly appreciated.

Sincerely,

Stanley J Wilkos
960 Wexford Leas Blvd.
Palm Harbor, FL 34683

From: jeff yoshimura [mailto:jjyoshi88@gmail.com]
Sent: Thursday, October 17, 2013 11:59 AM
To: Clint
Subject: Retiree Healthcare submission-Underwood v City –Statement in Support of Preliminary Injunction

To whom it may concern,
I'm a retired Chicago Police Sergeant living off my pension.
My wife and I do not qualify for Medicare for another seven years.
The cost of my health care is so high right now, I'm at the point that I have been selling off my possessions to pay my bills.
I cannot afford the huge 2014 scheduled increase to my health costs. The increase would take over 25% of my monthly income leaving me short to cover my basic living expenses.
"I declare, under penalty of perjury, that this information is true" and "You may use my submission to present to the court in support of the preliminary injunction"
Thank you,
Jeff Yoshimura

From: mywally@aol.com [mailto:mywally@aol.com]
Sent: Wednesday, October 23, 2013 3:07 PM
To: Michalene
Subject: RETIREE HEALTH CARE SORRY JUST GOT OUT OF THE HOSPITAL

RETIREE HEALTHCARE SUBMISSION - UNDERWOOD VS. CITY - STATEMENT IN SUPPORT OF PRELIMINARY INJUCTION.

My name is Walter Kleidon Jr., I was a Police officer with the Chicago Police Department for 45 years. I was Injured in the Line of Duty.in 1994. As a resault of this injury, I had to indure a total knee reconstruction, to scopes to clean debries from the knee, and then have the knee replaced in 2005. At this time I am waiting to have the knee replaced again.

I am writing this letter to explain the hardship the loss of medical insurance would have on myself and my wife.

The limits to what I can do, walking with a cane, not being able to kneel or squat, run jump, climb, and other activities, takes me out of the work force, to which I have not been able to find any kind of employment. To buy insurance on my own, it is very costly and had a large deductable.

What the Mayor and other's want to place retiree's on Obamacare, which would cause a big hardship on our family. Costing our familyabout $1,100.00, a month,and $12,000.00 deductable, real afordable.

Without our present insurance, we would more that likely have to do without. Without this insurance and prescription drug coverage, for my exsisting conditions, I wouldn't make it to the middle of next year.

At this time I am paying for two Funeral's, my mom's and my daughter's, my wife has lost her job for a 1 1/2 year's, Had to file a Bankruptcy, and am trying to stay out of a foreclosure. Since July 2013, I have undergone 5 procedures and face 2 more before the end of the year. A dollar only goes so far.

I DECLARE, UNDER PENALTY OF PERJURY THAT THIS INFORMATION IS TRUE AND YOU MAY USE MY SUBMISSION TO PRESENT TO THE COURT IN SUPPORT OF THE PRELIMINARY INJUNCTION.

Walter Kleidon

Jr. #13073 Retired