

## Chicago Transit Authority Retiree Health Care Trust

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### Important News Regarding Your Health Care Benefits

April 2009

Dear CTA Retiree, Surviving Spouse or Disability Recipient:

In 2008 the Illinois General Assembly passed legislation to address the financial challenges faced by the Retirement Plan for Chicago Transit Authority Employees (the Retirement Plan). This legislation required the separation of the pension and health care components of the Retirement Plan. It also required the establishment of the CTA Retiree Health Care Trust (RHCT) as an independent entity to provide health care benefits to CTA retirees, their dependents, and survivors. The RHCT is managed by a Board of Trustees comprised of three representatives appointed by CTA unions, three representatives appointed by the CTA, and a professional fiduciary appointed by the RTA.

Details about the CTA RHCT and background information on the legislation that established it can be found on our website: [www.ctaretirement.org](http://www.ctaretirement.org).

Over 1.5 billion dollars in bond revenues was raised in 2008 to provide additional funding to the Retirement Plan and to fund the RHCT. This money, along with other actions required by the law, improved the financial security of both pension benefits and retiree health care benefits.

#### How the Legislation Affects You

As a result of this legislation, there will be a number of changes to your health care benefits effective July 1, 2009. Specifically:

- ❖ **The current PPO Options will no longer be available.** They will be replaced by a new PPO plan that limits benefits coverage to 90% of the cost for in-network providers and 60% of the cost for out-of-network providers.
- ❖ **Your prescription drug coverage will change.** Under the new plan, the copayments for all drug types will increase. In addition, there will be a mandatory mail-order drug program for all maintenance drugs.
- ❖ **Retirees will have to pay premiums for themselves** as well as for any dependents. Although the exact rates have not yet been determined, every individual who receives coverage under the plan will have to pay a portion of the premium cost. To reward longer-term CTA employees, the premium rates you will have to pay for both yourself and your dependents will be based on your years of service.
- ❖ **The CTA's Benefit Plan Services Office (BPSO) will no longer administer your health care benefits.** The new administrator will be Group Administrators, Ltd. The CTA Retirement Office will continue to administer your pension benefits, in addition to providing oversight for Group Administrators.

You will still have the option of choosing a PPO plan or an HMO plan.

Your prescription drug copayments will increase.

The new premium rates will be based on years of pension service.

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## What to Expect Next

You will be required to elect a new medical plan for coverage beginning July 1, 2009. The CTA Retirement Office and Group Administrators will conduct an open enrollment process during May so that you can elect your new coverage. In the near future, you will receive an enrollment packet that will include the following:

You will be required to elect a new medical plan in May for coverage beginning July 1, 2009.

- ❖ Details on the new plans and their costs.
- ❖ An election form you must complete and return to Group Administrators no later than May 22, 2009.
- ❖ Information about open enrollment meetings that will be held at various locations during May. At these meetings, you will be able to listen to a presentation on the new plans and will be able to ask questions to be sure you understand how the new benefit plans will work. All the companies that currently provide services (for example, Blue Cross Blue Shield of Illinois, HMO Illinois, UniCare and Caremark) will be available at the open enrollment meetings.

Additional information, as well as links to the various service providers, will also be available on our website ([www.ctaretirement.org](http://www.ctaretirement.org)).

## In Closing

As Trustees of the CTA RHCT, we are committed to providing the best possible benefits to you and your families within the structure required by legislation. We appreciate your patience as we work out the final plan design details. We will share additional information with you as soon as it is available. Group Administrators and CTA Retirement Office staff will be prepared to answer any questions you may have once the open enrollment period begins in May. In the meantime, if you have questions please contact the CTA Retirement Office by sending a letter or email ([help@ctaretirement.org](mailto:help@ctaretirement.org)). If you prefer to call or speak with someone in person, we ask that you wait until after you receive your open enrollment packet later this month to see if those materials answer your questions. We also encourage you to attend one of the open enrollment meetings.

Please wait until you receive your open enrollment materials before calling with questions. We appreciate your patience.

Sincerely,

Board of Trustees  
CTA Retiree Healthcare Trust