Health Insurance After You Retire

PRESENTED BY GUERRREN SOLBACH

UC DAVIS
HEALTH CARE FACILITATOR PROGRAM
Objective: Answer These Questions

- Which health & welfare benefits can continue into retirement?
- Who is eligible for retiree health?
- How much will you have to pay?
- What about Medicare?
- Is UC planning to cancel retiree health insurance? (No)
Health & Welfare Benefits
Health Benefits

- Eligible retirees may continue into retirement: **Medical, Dental, and Legal**
  - Premiums deducted from pension checks

- **Vision Service Plan**: Pay VSP directly
  - Higher frame allowance, $55 copay for progressive lenses
  - Follow instructions of UCRS retirement counselor
  - Note: Health Net & Kaiser cover eye glasses for members with Medicare
Welfare Benefits

- **AD&D**: retiree plan is available through direct payment to Prudential

- **Life Insurance** ends
  - May convert to individual policy through the Prudential

- **Disability Insurance** ends last day actively at work or on vacation

- **Auto/Home/Renters’ Insurance**
  - Continue through direct payment to California Casualty

- **Health FSA/Dependent Care FSA/TIP** end
Eligibility
Eligibility for Retiree Health

- **Medical & Dental** insurance may continue into retirement if enough service credit and:
  - UC Retirement Plan (UCRP) members elect *monthly* retirement income
  - Retire within 120 days of terminating UC employment
  - Insurance coverage must be continuous

- If separated and rehired, you must work at least 12 months in a UCRP eligible position

- If you elect a **lump sum cashout**, you forfeit UC health insurance
When did you join UCRP?

- **Before 1/1/1990:**
  - Ages 50-54: Must have 10 years of service credit
  - Age 55+: Must have 5 years of service credit
  - Must not have had a break in service of more than 120 days
  - Eligible for 100% of UC’s maximum contribution toward medical and dental insurance

- **On or after 1/1/1990:** *Graduated Eligibility*

- **On or after 7/1/2013:**
  - Come back and see me in 20 years...
Graduated Eligibility

The percentage of UC’s maximum contribution is based on **full years** of UCRP service credit.

<table>
<thead>
<tr>
<th>Service Credit</th>
<th>Percentage of UC’s contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-4</td>
<td>N/A</td>
</tr>
<tr>
<td>5-9</td>
<td>If Age + Service Credit ≥ 75: 50% (otherwise not eligible)</td>
</tr>
<tr>
<td>10</td>
<td>50%</td>
</tr>
<tr>
<td>11-20</td>
<td>55-100%</td>
</tr>
</tbody>
</table>

*UCRP Entry Date: 1/1/1990—6/30/2013*
100% of UC’s Contribution

- Net cost
- UC Contribution
- Sample Premium
- Sample Premium (+Medicare)
Example A (2018)

- Employee with 20 years of UCRP service credit retires with Health Net Blue & Gold and a covered spouse
- Total premium: $1,551.60/month
- Max UC contribution: $1,002.26
- Net cost to retiree: $549.34
50% of UC’s Contribution

- UC Contribution
- Sample Premium
- Sample Premium (+Medicare)
Example B (2018)

- Employee with 10 years of UCRP service credit retires with Health Net Blue & Gold and a covered spouse
- Total premium: $1,551.60/month
- UC contribution: $501.13 (50% of $1,002.26)
- Net cost to retiree: $1,050.47 ($1,551.60 - $501.13)
About Retiree Health Plans
About Retiree Health Plans

- Same medical & dental plans as employees
  - Exceptions to be discussed...
- Same eligibility rules for family members
- If you will be eligible for retiree insurance
  - Ignore medical plan termination letter when campus coverage ends
  - Ignore COBRA continuation offer (WageWorks)
- No “salary banding”
Changing Retiree Health Plans

▪ Open Enrollment
▪ Can suspend medical/dental coverage
▪ Period of Initial Eligibility
  ▪ Move outside HMO service area for 2+ months
  ▪ Involuntary loss of other coverage
  ▪ Addition of newly eligible family members
Health Plan Premiums

HCF Program site: hr.ucdavis.edu/hcf

- **Retiree Premium Estimator** (Excel)
  - If eligible for Medicare, consider that cost
  - May be subject to collective bargaining

- **Moving? UC Medical Plan Availability tool** (Excel)
  - Determine which medical plans are available using
  - Example: Health Net Blue & Gold is available in El Dorado County; Health Net Seniority Plus is not
Medicare

[Images of Medicare cards showing personal and coverage information]
About Medicare

- Medicare is the federal health insurance program for those over 65 and some disabled
  - **Part A (Hospital):** premium-free for most
  - **Part B (Medical):** costs $134.00/month for 2018 enrollees
    - Costs more if your MAGI > $85,000 ($170K for couples)

- UC relies on Medicare to offset the cost of insurance

- Medicare-coordinated plans usually cost less
100% of UC’s Contribution

- UC Contribution
- Sample Premium
- Sample Premium (+Medicare)

Net cost
Example C (2018)

- Employee with 20 years of service credit retires with Health Net B&G and a spouse (both have Medicare)
- Total Premium: $876.00/month
- Max UC contribution: $722.68
- Health Net premium paid by retiree: $153.32 ($876.00 - $722.68)
- Medicare Part B premium: $134.00 x 2 = $268
- Net cost to retiree: $421.32 ($268.00 + $153.32)
100% of UC’s Contribution

- UC Contribution
- Sample Premium
- Sample Premium (+Medicare)
Example D (2018)

- Employee with 20 years of service credit retires with Kaiser Permanente and a spouse (both have Medicare)
- Total Premium: $537.52/month
- Max UC contribution: $722.68
- Part B premium: $134.00 x 2 = $268.00
- Part B reimbursement: $185.16 ($722.68 - $537.52)
- Net cost to retiree: $82.84 ($268.00 - $185.16)
UC’s Medicare Requirements

- **Retirees** (not employees) and their family members must enroll in Medicare Part B:
  - If they are enrolled in medical insurance
  - If they are eligible for Part A free of charge

- You can be eligible for Part A for free **through a current or former spouse**, even if you didn’t pay in to Social Security
Medicare & HMOs: Medicare Advantage

- If you have Medicare A & B, and you are enrolled in an HMO, you must **assign** your Medicare benefits to the HMO (by **form**)  
- Medicare pays a flat monthly fee to the insurance company  
- Medicare cannot be used separately from the MA plan

<table>
<thead>
<tr>
<th>HMO</th>
<th>+ Medicare</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Net Blue &amp; Gold</td>
<td>Health Net Seniority Plus</td>
</tr>
<tr>
<td>Kaiser Permanente</td>
<td>Senior Advantage</td>
</tr>
<tr>
<td>Western Health Advantage</td>
<td>Not available; Choose another plan</td>
</tr>
</tbody>
</table>
Medicare & Anthem Blue Cross

▪ Medicare primary; Anthem Blue Cross plan secondary
  ▪ Medicare coordination by form

▪ Core, UC Care → UC Medicare PPO

▪ Medicare providers must be used
  ▪ ~550,000 physicians nation-wide*
  ▪ Fewer than 1% of physicians have opted out of Medicare*
  ▪ Ask if accepting new Medicare patients

Medicare & UC Health Savings Plan

- Employees who retire with **UC Health Savings Plan** can keep it into retirement until/unless they (or covered family members) are eligible for Medicare
  - **Those who obtain Medicare must choose another plan**
- Health Savings Account (HSA) contributions incompatible with Medicare
- Not offered to retirees
"Mixed Medicare" families

<table>
<thead>
<tr>
<th>Non-Medicare</th>
<th>Medicare</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core</td>
<td>UC Medicare PPO</td>
</tr>
<tr>
<td>Health Net Blue &amp; Gold</td>
<td>Health Net Seniority Plus</td>
</tr>
<tr>
<td>Kaiser Permanente</td>
<td>Kaiser Senior Advantage</td>
</tr>
<tr>
<td>UC Care</td>
<td>UC Medicare PPO</td>
</tr>
</tbody>
</table>
Medicare Part D

- Outpatient prescription drug benefit
- Subsidizes UC medical plan premiums
- The $R_x$ coverage of UC medical plans is equivalent to or better than Part D
  - Considered **creditable coverage**
  - You may be asked about past $R_x$ coverage
- Formulary may differ from non-Medicare plan
More on Part D

- Retirees with Medicare must complete a form
- No additional Part D premium
- Exception: high income enrollees
- Complicates or prevents double coverage
- Enrollment in another Part D plan may result in loss of UC coverage
Medicare retirees outside CA

- Local coverage through **Via Benefits** (formerly OneExchange)
- Sells Medicare supplement plans inside U.S.A.
- All covered family members must have Medicare
- Does not affect Dental/Vision/Legal coverage
- UC provides Health Reimbursement Arrangement (HRA)
  - $3,000 per covered person (subject to graduated eligibility)
- Use HRA money to buy Medigap or Medicare Advantage plans, pay for Medicare Parts B/D
When you get your Medicare card...

Call the HCF Program when you get your card showing enrollments in Parts A & B

---

UCDAVIS
HEALTH CARE FACILITATOR PROGRAM

Guarani Solbach, Health Care Facilitator
gsolbach@ucdavis.edu

Sacramento campus:
(916) 734-4880 (phone)
(916) 734-4830 (fax)
Human Resources Administration Bldg.
One Shields Ave.
Sacramento, CA 95817-4211
Tuesday & Thursdays

Erika Castillo, Health Care Facilitator Assistant
ecastillo@ucdavis.edu

Saclramento campus:
(916) 734-4880 (phone)
(916) 734-4830 (fax)
Human Resources Administration Bldg.
One Shields Ave.
Sacramento, CA 95817-4211
Monday—Friday

If you wish to visit the Health Care Facilitator or HCF Assistant in person, please call ahead to schedule an appointment. When you arrive, be sure to check in with the receptionist at the front desk of the Human Resources Administration Building or with UCCEMIS on the 2nd Floor of the Tower II Building.

http://hr.ucdavis.edu/hcf
The Future
What does the future hold?

- Premiums continue to rise
- As of 2017, 25% of large firms (200+ employees) offered retiree health insurance*
  - Down from 32% in 2005 and 66% in 1988*
- UC’s contribution to health insurance is **not guaranteed** to employees or retirees
  - Employee premiums: paid by department
  - Retiree premiums: not funded by UC Retirement Plan
    - **Campus Assessment Fee:** $2.80 per $100 of employee covered compensation for FY 2017

* Source: Kaiser Family Foundation Employer Health Benefits 2017 Annual Survey
Future of insurance through UC

- The University intends to continue retiree health insurance
  - Helps recruit and retain employees
  - As a socially responsible institution, UC doesn’t want to add to the uninsured
Reductions to retiree health contributions

- **Post-Employment Benefits Task Force**
  - 3% per year reduction of the UC contribution (as a percentage of total premiums) to a floor of 70% of aggregate medical plan premiums
  - Protect age 65+ retirees ineligible for Medicare
    - Rates linked to rates for employees in Salary Band 2
  - New Graduated Eligibility rules eff. 7/1/2013

- **Retiree Health Benefits Working Group**
  - Analysis of several proposed reductions due in June 2018
Conclusion
Conclusion

Whether you’re an employee or a retiree, the HCF Program:

▪ Provides education and assistance with UC health plans and Medicare

▪ Provides assistance to those coordinating with Medicare for the first time

▪ Serves 22,000 active employees; 8,650 retirees

http://hr.ucdavis.edu/hcf
Health Insurance After You Retire

PRESENTED BY GUERREN SOLBACH

UC DAVIS HEALTH CARE FACILITATOR PROGRAM