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
  - 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 coverage
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>
<tr>
<td></td>
<td>(5% for every year above 10)</td>
</tr>
</tbody>
</table>
100% of UC’s Contribution

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

Net cost
Example A (2019)

- Employee with 20 years of UCRP service credit retires with UC Blue & Gold HMO (Health Net) and a covered spouse

- Total premium: $1,586.97/month

- Max UC contribution: $1,052.74

- Net cost to retiree: $534.23
50% of UC’s Contribution

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

Net cost

0 20 40 60 80 100 120
Example B (2019)

- Employee with 10 years of UCRP service credit retires with UC Blue & Gold HMO (Health Net) and a covered spouse

- Total premium: $1,586.97/month

- UC contribution: $526.37 (50% of $1,052.74)

- Net cost to retiree: $1,060.60 ($1,586.97 - $526.37)
About Retiree Health Plans
About Retiree Health Plans

- Same medical & dental plans as employees
  - Exceptions to be discussed...

- Same eligibility rules for family members
  - Including occasional verification through UnifyHR
  - Your survivors may continue health coverage if eligible for a survivor’s pension

- If you will be eligible for retiree insurance
  - Ignore medical plan termination letter when campus coverage ends
  - Ignore COBRA continuation offer from WageWorks

- No “salary banding”
Changing Retiree Health Plans

- Open Enrollment
- Can suspend medical/dental coverage
- 31-day Period of Initial Eligibility
  - Move/travel outside HMO service area for 2+ months
  - Involuntary loss of other coverage
  - Addition of newly eligible family members
- If you or a covered family member get Medicare and are covered by an incompatible plan (UC Health Savings Plan, WHA)
Health Plan Premiums

HCF Program site: hr.ucdavis.edu/hcf

- **Retiree Premium Estimator** (Excel)
  - If eligible for Medicare, consider that cost

- **Moving? UC Medical Plan Availability tool** (Excel)
  - Determine which medical plans are available using
  - Example: UC Blue & Gold HMO (Health Net) is available in El Dorado County; Health Net Seniority Plus is not
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 $135.50/month for 2019 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

Net cost

- UC Contribution
- Sample Premium
- Sample Premium (+Medicare)
Example C (2019)

- Employee with 20 years of service credit retires with Health Net and a spouse (both have Medicare)
- Total Premium: $856.14/month
- Max UC contribution: $721.32
- Health Net premium paid by retiree: $134.82 ($856.14 - $721.32)
- Medicare Part B premium: $135.50 x 2 = $271.00
- Net cost to retiree: $405.82 ($271.00 + $134.82)
100% of UC’s Contribution

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

Part B Reimbursement
Example D (2019)

- Employee with 20 years of service credit retires with Kaiser Permanente and a spouse (both have Medicare)
- Total Premium: $550.00/month
- Max UC contribution: $721.32
- Part B premium: $135.50 x 2 = $271.00
- Part B reimbursement: $171.32 ($721.32 - $550.00)
- Net cost to retiree: $99.68 ($271.00 - $171.32)
UC’s Medicare Requirements

- **Retirees** and their covered 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

- UC does not require active employees/dependents to enroll in Medicare
  - Domestic Partners of active employees should check with Social Security regarding their ability to defer Medicare enrollment w/o penalty

- 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>UC Blue &amp; Gold HMO</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 not allowed for those with Medicare per IRS rules
- 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>UC Blue &amp; Gold HMO</td>
<td>Health Net Seniority Plus</td>
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<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
The Future
What does the future hold?

- Premiums continue to rise

- As of 2018, **18%** 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:** $2.87 per $100 of employee covered compensation for FY 2018

* Source: Kaiser Family Foundation Employer Health Benefits 2018 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
  - Reduction of the UC contribution (as a percentage of total premiums) to 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
  - Analyzing several proposed reductions to be implemented when necessary
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
- Serves 22,000 active employees; 9,000 retirees
Health Insurance
After You Retire

Health Care Facilitator Program

Presented by
Guerren Solbach