Health Insurance After You Retire

UC DAVIS Health Care Facilitator Program

Presented by Guerren Solbach
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
  - Watch for a letter from VSP with instructions
  - Note: Kaiser provides an eyewear allowance of $150 every two years 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
- **Health FSA/Dependent Care FSA/TIP** end
- **Auto/Home/Renters’ Insurance** can be continued if you arrange direct payment to California Casualty/MetLife
- **Supplemental health plans** can be continued if you arrange direct payment to Aflac
- **Pet insurance** continues through direct payment to Nationwide
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
  - Eligibility for 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?

- **Group 1:** 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

- **Group 2:** on or after 1/1/1990: *Graduated Eligibility*
  - 20 years = 100%

- **Group 3:** on or after 7/1/2013: More extreme *Graduated Eligibility*
  - 20 years = 100% if retirement age 65+; no UC contribution unless retirement age 56+
Graduated Eligibility (Group 2)

The percentage of UC’s maximum contribution is based on **full years** of UCRP service credit (include sick leave)

<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: <strong>50%</strong> (otherwise not eligible)</td>
</tr>
<tr>
<td>10</td>
<td><strong>50%</strong></td>
</tr>
<tr>
<td>11-20</td>
<td><strong>55–100%</strong>                     (5% for every year above 10)</td>
</tr>
</tbody>
</table>
Graduated Eligibility (Group 3)

The percentage of UC’s maximum contribution is based on **full years** of UCRP service credit (include sick leave)

<table>
<thead>
<tr>
<th>Service Credit</th>
<th>Percentage of UC’s contribution</th>
<th>UCRP Entry Date: 7/1/2013+</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Age 56</td>
<td>Age 60</td>
</tr>
<tr>
<td>10</td>
<td>5%</td>
<td>25%</td>
</tr>
<tr>
<td>15</td>
<td>7.5%</td>
<td>37.5%</td>
</tr>
<tr>
<td>20+</td>
<td>10%</td>
<td>50.0%</td>
</tr>
</tbody>
</table>

- Includes those rehired after a break in service, unless they retired
- **Rehired retirees** retain their original eligibility (Group 1 or 2) when they re-retire
100% of UC’s Contribution
Example A (2021)

- Employee with 20 years of UCRP service credit (Group 2) retires with UC Blue & Gold HMO (Health Net) and a covered spouse
  - Total premium: $1,695.77/month
  - Max UC contribution: $1,141.24
  - Net cost to retiree: $554.53
50% of UC’s Contribution

Net cost

UC Contribution
Sample Premium
Sample Premium (+Medicare)
Example B (2021)

- Employee with 10 years of UCRP service credit (Group 2) retires with UC Blue & Gold HMO (Health Net) and a covered spouse

- Total premium: $1,695.77/month

- UC contribution: $570.62 (50% of $1,141.24)

- Net cost to retiree: $1,125.15 ($1,695.77 - $570.62)
About Retiree Health Plans
About Retiree Health Plans

- Same medical & dental plans as employees (exceptions due to Medicare 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 these letters:**
  - Medical plan termination letter when campus-paid coverage ends
  - COBRA continuation offer from WEX/Discovery Benefits

- No “salary banding”
Changing Retiree Health Plans

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

HCF Program site: hr.ucdavis.edu/hcf

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

- **Moving? UC Medical Plan Availability tool** (Excel)
  - Determine which medical plans are available where
Medicare

MEDICARE HEALTH INSURANCE

Name/Nombre
JOHN L SMITH

Medicare Number/Número de Medicare
1EG4-TE5-MK72

Entitled to/Con derecho a
PART A
03-03-2016
PART B
03-03-2016

Coverage starts/Cobertura empieza
03-03-2016
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 $148.50/month for 2021 enrollees
    - Costs more if your MAGI from 2 years ago was > $88,000 ($176K for couples)
- UC relies on Medicare to offset the cost of insurance
- Medicare-coordinated plans usually cost less
Medicare “partner plans”/Mixed Medicare families

<table>
<thead>
<tr>
<th>Non-Medicare</th>
<th>Medicare</th>
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<tbody>
<tr>
<td>CORE</td>
<td>UC Medicare PPO</td>
</tr>
<tr>
<td><em>Anthem Blue Cross PPO</em></td>
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</tr>
<tr>
<td>UC Care</td>
<td>UC Medicare PPO</td>
</tr>
<tr>
<td><em>Anthem Blue Cross PPO</em></td>
<td><em>Anthem Blue Cross PPO</em></td>
</tr>
<tr>
<td>Kaiser Permanente</td>
<td>Kaiser Senior Advantage</td>
</tr>
<tr>
<td><em>HMO</em></td>
<td><em>Medicare Advantage HMO</em></td>
</tr>
<tr>
<td>UC Blue &amp; Gold HMO</td>
<td>UC Medicare Choice</td>
</tr>
<tr>
<td><em>Health Net HMO</em></td>
<td><em>UnitedHealthcare Medicare Advantage PPO</em></td>
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100% of UC’s Contribution
Example C (2021)

- Employee with 20 years of service credit (Group 2) retires with UC Care (Anthem Blue Cross) and a spouse (both have Medicare)
- Total premium for UC Medicare PPO (Anthem Blue Cross): $913.40/month
- Max UC contribution: $632.54
- Premium paid by retiree: $280.86 ($913.40 - $632.54)
- Medicare Part B premium: $148.50 x 2 = $297.00
- Net cost to retiree: $577.86 ($280.86 + $297.00)
100% of UC’s Contribution

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

Bar chart showing Medicare Part B Reimbursement.
Example D (2021)

- Employee with 20 years of service credit (Group 2) retires with UC Blue & Gold HMO (Health Net) and a spouse (both have Medicare)
- Total premium for **UC Medicare Choice** (UnitedHealthcare Medicare Advantage PPO): $354.24/month
- Max UC contribution: $632.54
- Medicare Part B premium: $148.50 x 2 = $297.00
- Part B reimbursement: $278.30 ($632.54 - $354.24)
- Net cost to retiree: $18.70 ($297.00 - $278.30)
UC’s Medicare Requirements

- **Retirees** and their covered family members must enroll in Medicare Part B:
  - If they are enrolled in medical insurance and live in the U.S.A.
  - If they are eligible for Part A free of charge

- UC does not require active employees/dependents to enroll in Medicare
  - Note: 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
HMO Medicare Partner Plans: *Medicare Advantage (MA)*

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

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<th>+ Medicare</th>
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<td><strong>UC Medicare Choice</strong></td>
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<tr>
<td><em>Health Net HMO</em></td>
<td><em>UnitedHealthcare MA PPO</em></td>
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<td><strong>Kaiser Permanente</strong></td>
<td><strong>Kaiser Senior Advantage</strong></td>
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<td><em>HMO</em></td>
<td><em>MA HMO</em></td>
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Anthem Blue Cross & Medicare Partner Plans

- **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
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 **credible coverage**
  - You may be asked about past $R_x$ coverage
More on Part D

▪ Vaccinations:
  ▪ Shingles: Use your network pharmacy
  ▪ Flu: Use either your MD’s office or your network pharmacy
  ▪ Other vaccinations: Check with your plan

▪ No additional Part D premium unless high income

▪ 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**
- Sells Medicare supplement plans inside U.S.A.
- All covered family members must 65+ with 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 reimburse yourself for Medicare/Medigap/MA plan premiums
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 2020, **29%** 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:** $2.58 per $100 of employee covered compensation for FY 2020

* Source: Kaiser Family Foundation Employer Health Benefits 2020 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**
  - Reduced the UC contribution (as a percentage of total premiums) to 70% of aggregate medical plan premiums
  - New Graduated Eligibility rules eff. 7/1/2013 (Group 3)

- **Retiree Health Benefits Working Group**
  - Expanded to review coverage for all employees
  - To analyze several proposed reductions to be implemented if necessary
If you are retiring on 7/1/2021—Congratulations!!

- Submit the **Request for Retirement Initiation Packet** 90 days prior to your target retirement date
  - 1976 Tier: Those who want to take advantage of the “inactive COLA” should have a separation date of 6/29 and a retirement date of 7/1
- Submit forms through UCRAYS (retirementatyourservice.ucop.edu) whenever possible
- UC Davis pays for an extra month of coverage when you retire, so your UCD-funded coverage ends 7/31
  - If age 65+ or otherwise eligible for Medicare, you’ll need Part B to begin 8/1
- If you or a covered family member are age 65+ or otherwise eligible for Medicare, contact the HCF Program for assistance with Medicare enrollment and coordination
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

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