Health Insurance After You Retire

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 & Welfare Benefits

- Retirees may continue into retirement:
  - Medical, Dental & Legal

- Vision:
  - VSP: Retiree can pay full premium to VSP
    - Frame allowance: $150 ($20 more vs. employee VSP)
  - Health Net & Kaiser cover eye glasses for members with Medicare
More on Health & Welfare Benefits

- **AD&D:** retiree plan is available through direct payment to AIG Benefit Solutions
- **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:
  
  – UC Retirement Plan (UCRP) members must elect *monthly* retirement income
  
  – Must retire within 120 days of terminating UC employment
  
  – Insurance coverage must be continuous

• 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

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

Net cost

UC Contribution

Sample Premium

Sample Premium (+Medicare)
Example A (2016)

- Employee with 20 years of UCRP service credit retires with Health Net Blue & Gold (non-Medicare)
- Total premium: $670.59/month
- Max UC contribution: $465.79
- Net cost to retiree: $204.80
50% of UC’s Contribution

Net cost

Net cost

- UC Contribution
- Sample Premium
- Sample Premium (+Medicare)
Example B (2016)

- Employee with 10 years of UCRP service credit retires with Health Net Blue & Gold (non-Medicare)
- Total premium: $670.59/month
- UC contribution: $232.90 (50% of $465.79 = $232.90)
- Net cost to retiree: $437.69 ($670.59 - $232.90)
About Retiree Health Plans
About Retiree Health Plans

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

• If you will be eligible for retiree insurance
  – Ignore medical plan termination letter when campus coverage ends
  – Ignore COBRA continuation offer (CONEXIS)

• No “salary banding”
Changing Retiree Health Plans

• Open Enrollment

• Period of Initial Eligibility
  – Move outside HMO service area for 2+ months
  – Involuntary loss of other coverage
  – Addition of newly eligible family members

• Can suspend medical/dental coverage
Health Plan Premiums

- **Medical Plan Chooser:**
  https://uc2016.chooser2.pbgh.org
  - Determine which medical plans are available by zip code
  - Compare medical plans side by side
  - Estimate medical plan premiums

- If eligible for Medicare, consider that cost
About Medicare

- Medicare is the federal health insurance program for those over 65 and some disabled
  - Part A: premium-free for most
  - Part B: costs $121.80/month for 2016 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 (+ Medicare)
Example C (2016)

- Employee with 20 years of UCRP service credit retires with Medicare and Health Net
- Total Premium: $372.52/month
- Max UC contribution: $334.43
- Health Net premium paid by retiree: $38.09 ($372.52 - $334.43)
- Part B premium: $121.80
- Net cost to retiree: $159.89 ($121.80 + $38.09)
100% of UC’s Contribution

Part B reimbursement

UC Contribution
Sample Premium
Sample Premium (+Medicare)
Example D (2016)

- Employee with 20 years of UCRP service credit retires with Medicare and Kaiser Permanente
- Total Premium: $245.24/month
- Max UC contribution: $334.43
- Part B premium: $121.80
- Part B reimbursement: $89.19 ($334.43 - $245.24)
- Net cost to retiree: $32.61 ($121.80 - $89.19)
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 plans

  – 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 Medicare Advantage plan
## Medicare Advantage Plans

<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; Must choose another plan</td>
</tr>
</tbody>
</table>
Medicare & Blue Shield of CA

• Medicare primary; Blue Shield plan secondary
• Medicare-certified providers must be used
  – 96% of U.S. physicians participate in Medicare*
  – Ask if accepting new Medicare patients

Medicare & Blue Shield Health Savings PPO

- Employees who retire with Blue Shield Health Savings PPO can keep it into retirement until/unless they (or covered family members) are eligible for Medicare
- Not offered to retirees
### “Mixed Medicare” families

<table>
<thead>
<tr>
<th>Non-Medicare</th>
<th>Medicare</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core Medical PPO</td>
<td>Blue Shield 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 PPO</td>
<td>Blue Shield Medicare PPO</td>
</tr>
</tbody>
</table>
Medicare Part D

• Outpatient prescription drug benefit
• Subsidizes 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 OneExchange
  - Sells Medicare supplement plans inside U.S.A.
- All covered family members must have Medicare
- Does not affect Dental/Vision/Legal coverage
OneExchange outside CA

- UC provides premium support
  - Health Reimbursement Account (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

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If you wish to visit the Health Care Facilitator or 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 ring the bell at the benefits counter on the 2nd floor of the Tiono W building.

http://www.hr.ucdavis.edu/hcf

Health Insurance After You Retire
The Future
What does the future hold?

- Premiums continue to rise
- As of 2015, 23% of large firms (200+ employees) offered retiree health insurance*
  - Down from 32% in 2005 and 66% in 1988*

*Source: Kaiser Family Foundation Employer Health Benefits 2015 Annual Survey
Funding health insurance

• UC’s contribution to health insurance is not guaranteed to employees or retirees
• Employee premiums: paid by department
• Retiree premiums:
  – Campus assessment fee: $2.98 per $100 of employee covered compensation for FY 2015
  – Not funded by the UC Retirement Plan
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
Post-Employment Benefits Task Force

- 3% per year reduction of the UC contribution (as a percentage of total premiums) to a floor of 70%
  - 2016: 70% for non-Medicare; 74% w/ Medicare
  - 2017: 70% for non-Medicare; 71% w/ Medicare

- 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
Conclusion
Conclusion

Whether you’re an employee or a retiree:

The Health Care Facilitator Program is here to help!