

UC Retiree Health and Medicare

UCI Health Care Facilitator

OBJECTIVE: ANSWER THESE QUESTIONS...

What about Medicare?

Which health & welfare benefits can continue into retirement?

Who is eligible for retiree health?

How much will you have to pay?

What Health Plans are available to me in retirement?

Medicare

- Overview
- Enrollment Periods
- Premium Information

MEDICARE: OVERVIEW

- Health insurance for:
 - People at age 65;
 - People disabled for 24 months on approved Social Security disability;
 - People with End Stage Renal Disease (ESRD);
 - People with Amyotrophic Lateral Sclerosis (ALS)
- Four Parts of Medicare insurance (A, B, C, D)
 - Part A = hospital
 - Part B = medical “doctor” visits
 - Part C = A, B, and sometimes D (Medicare Advantage Plan)
 - Part D = prescription drug coverage (Rx)

MEDICARE: OVERVIEW (CONT'D)

- Coverage regardless of pre-existing conditions or level of income
- Medicare Choice & Kaiser Permanente Senior Advantage = Medicare Advantage plans with A, B, D assigned over to the plan
- Anthem Blue Cross Retiree Medicare plans = Medical plans that work as secondary to Medicare Parts A & B, have Part D benefits through the plan

WHEN CAN SOMEONE ENROLL IN MEDICARE?

- **Initial Enrollment Period (IEP)** – when first eligible for Medicare
- **Special Enrollment Period (SEP)** – when covered by and leaving an employer group health plan
- **General Enrollment Period (GEP)** – occurs each year for those who have missed IEP or SEP

INITIAL ENROLLMENT PERIOD (IEP)

- Eligibility – at age 65; after 24 months approved Social Security disability; End Stage Renal Disease (ESRD), Amyotrophic Lateral Sclerosis (ALS)
 - Federal Insurance Contributions Act (FICA) – paid 40 quarters
 - Receiving Social Security, Railroad Retirement Board (RRB) benefits, or Civil Service benefits
- Enrollment Timing – Part A and Part B – 7 month period (starts 3 months before 65); Part D – 2 month period
- Enrollment Process – Part A and Part B automatic if receiving retirement income
- Medicare Card sent to enrollee (red, white, & blue card)
- To delay automatic enrollment – return card and follow instructions with card

SPECIAL ENROLLMENT PERIOD (SEP)

- Eligibility – People who delayed IEP enrollment can enroll
- Enrollment Timing – Part B – 8 month period that starts 1st day of month after employment or coverage ends, whichever occurs earlier; Part D – 2 month period after employment or coverage ends, whichever occurs earlier
- Enrollment Process – not automatic
- With large Employer Group Health Plan (EGHP) can delay – no penalty

Domestic Partners - Usually not eligible for SEP; late enrollment penalty may apply if don't enroll at age 65; advised to contact Social Security 3 months before age 65

GENERAL ENROLLMENT PERIOD (GEP)

- Eligibility – Anyone eligible who did not enroll during IEP or SEP
- Enrollment Timing – January 1 → March 31; coverage starts July 1 of that year
- Enrollment Process – not automatic
- Late-enrollment penalty; normally pay penalty as long as covered
 - Part A – none, UC requires only if *premium-free*
 - Part B – 10% for each 12 months eligible, not enrolled
 - Part D – 1% for each 12 months eligible, not enrolled
- Most UC employees and retirees do not enroll during GEP
 - Most UC employees – enroll in Part A during IEP
 - Most UC retirees – enroll in Part B and Part D during SEP; or during IEP if they turn 65 after retirement

HOW ARE MEDICARE PREMIUMS PAID?

- Automatically withheld from Social Security income
- Direct payment to Social Security Administration – Quarterly (3 month bill)
 - “*Medicare Easy Pay*” – Deduct monthly Medicare premium from Banking Account

COSTS OF MEDICARE – PART B PREMIUMS (2025)

If your yearly income in 2023 (for what you pay in 2025) is			You pay each month (in 2025)
File individual tax return	File joint tax return	Income-Related Monthly Adjusted Income (IRMAA)	
Less than or equal to \$106,000	Less than or equal to \$212,000	\$0.00	\$185.00
Greater than \$106,000 and less than or equal to \$133,000	Greater than \$212,000 and less than or equal to \$266,000	\$74	\$259
Greater than \$133,000 and less than or equal to \$167,000	Greater than \$266,000 and less than or equal to \$334,000	\$185	\$370
Greater than \$167,000 and less than or equal to \$200,000	Greater than \$334,000 and less than or equal to \$400,000	\$295.90	\$480.90
Greater than \$200,000 and less than \$500,000	Greater than \$400,000 and less than \$750,000	\$406.90	\$591.90

About Retiree Health Plans

- Health and Welfare Benefits
- Graduated Eligibility
- Changing Retiree Health Plans

HEALTH AND WELFARE BENEFITS

Retirees may continue into retirement:

- **Medical, Dental, and Legal**

Vision:

- VSP: Retiree can pay full premium to VSP
 - Frame allowance:\$160
 - \$90 allowance for Walmart/Sam's Club/Costco
 - \$55 copayment for progressive lenses
 - 20% savings over frame allowance/other lens enhancements
 - VSP Primary Eyecare-Diabetes/Glaucoma exam and care
- Kaiser cover eye glasses for members with Medicare

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 (WEX)

No “salary banding”

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:

- Eligible to enroll in retiree health benefits provided you are 55 or older and have at least 10 years of service credit at the time you retire
- **Graduated Eligibility**
 - 20 years = 100% if retirement age 65+; no UC contribution unless retirement age 56+

<https://ucnet.universityofcalifornia.edu/compensation-and-benefits/retirement-benefits/health-welfare/index.html>

GRADUATED ELIGIBILITY (Group 2)

Percentage of UC's maximum contribution based on full years of UCRP service credit

UCRP Entry Date: 1/1/1990—6/30/2013	
Service Credit	Percentage of UC's contribution
0-4	N/A
5-9	If Age + Service Credit \geq 75: 50% (otherwise not eligible)
10	50%
11-20	55-100% (5% for every year above 10)

GRADUATED ELIGIBILITY (Group 3)

Percentage of UC's maximum contribution based on full years of UCRP service credit

- 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

UCRP Entry Date: 7/1/2013+			
	Percentage of UC's Contribution		
Service Credit	Age 56	Age 60	Age 65+
10	5%	25%	50%
15	7.5%	37.5%	75%
20+	10%	50%	100%

EXAMPLE A (2025)

Employee with 20 years of UCRP service credit retires with UC Blue & Gold (non-Medicare)

Total premium: \$1,028.96/month

Max UC contribution: \$726.43

Net cost to retiree: **\$302.53**

EXAMPLE B (2025)

Employee with 10 years of UCRP service credit
retires with UC Blue & Gold (non-Medicare)

Total premium: \$1,028.96/month

UC contribution: \$363.22 (50% of \$726.43)

Net cost to retiree: **\$665.74** (\$1028.96- \$363.22)

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

MEDICARE & 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

Not offered to retirees

Medicare and UC

- Medicare Plans
- Part B Reimbursement
- Mixed Families
- Part D coverage
- Medicare for Out of State Retirees

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 AND HMO's

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

HMO	Medicare
UC Blue and Gold HMO	Medicare Choice
Kaiser Permanente	Senior Advantage

PART B REIMBURSEMENT

If the maximum UC retiree health contribution (after any reduction for graduated eligibility, if applicable) is **greater** than the rate for the Medicare-coordinated plan selected, then the difference is used to reimburse the retiree for all or a portion of the standard Medicare Part B premium.

Amount can change each year; normally doesn't apply for people with Graduated Eligibility

EXAMPLE C (2025)

Employee with 20 years of UCRP service credit retires with Medicare and Kaiser Senior Advantage

Total Premium: \$232.03/month

Max UC contribution: \$431.60

Medicare Choice premium paid by retiree: **\$0**

Part B reimbursement $(\$431.60 - \$232.03) = \$174.70$

Part B premium: \$185

Net cost to retiree: $(\$185 - \$174.70) = \$10.30$

ANTHEM BLUE CROSS MEDICARE PPO PLANS

Medicare primary; Anthem Blue Cross plan secondary

Medicare-certified providers must be used

- 96% of U.S. physicians participate in Medicare*
- Ask if accepting new Medicare patients

* Source: Kaiser Family Foundation Medicare Chartbook, Fourth Edition, 2010

UC MEDICARE PPO COVERAGE

Medicare-covered services

1. Deductible N/A
2. 4% (20% of the 20% balance left after Medicare pays first)
3. \$1,500 out-of-pocket limit
 - Per person, per year



Services not covered by Medicare

1. \$100 deductible
 - Per person, per year
2. 20% coinsurance
3. \$1,500 out-of-pocket limit
 - Per person, per year

“MIXED MEDICARE” FAMILIES

Non-Medicare family members	Family members with Medicare
Core Medical	UC Medicare PPO
Kaiser Permanente	Kaiser Permanente Senior Advantage
UC Blue & Gold HMO (Health Net)	Medicare Choice
UC Care	UC Medicare PPO

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

PART D (CONT'D)

Retirees with Medicare must complete a **form**

No additional Part D premium

- Exception: high income enrollees-IRMAA

Complicates or prevents double coverage

Enrollment in another Part D plan may result in loss of UC coverage

INFLATION REDUCTION ACT (IRA) - PART D PLANS

Medicare PPO, High Option Supplement, Kaiser Senior Advantage Plan, UC Medicare Choice

Changes for 2025

- Sunset of the Coverage Gap Phase (also called the "donut hole")
- Changes to Share of Medicare Part D Drug Costs
- Capping of Out-Of-Pocket (OOP) Costs at \$2,000
- Calculation of True Out-Of-Pocket (TrOOP)
- The Medicare Discount Program
- Introduction of the Medicare Prescription Payment Program which allows members to enroll in a payment plan for costs incurred at the pharmacy

MEDICARE PRESCRIPTION PAYMENT PLAN (MP3)

- Manage Out-of-Pocket Rx costs across the calendar year
- Anyone enrolled in a Medicare plan with Rx coverage can participate
 - Participation is VOLUNTARY
 - Will NOT lower overall Rx costs
- Rx payments directly to plan, not pharmacy
- Contact your plan for more information

PART D – LOW INCOME SUBSIDY

- Retirees apply through Social Security Administration or their State Medicaid agency
- Once application is approved by CMS an award letter is sent to member and copy to medical plan carrier
- Plan carriers send monthly and quarterly reports to UC listing beneficiaries and refund amounts
- UC will issue a refund check up to the amount of the premium. If the premium is less than the refund, **UC will only refund up to the amount of the premium**. For example, if CMS approves a refund of \$50.00 but the member's contribution toward UC medical plan coverage is \$40.00, UC will issue a refund check for \$40.00. If the premium is \$0.00, nothing is paid to the member.

MEDICARE RETIREES OUTSIDE CA



Local coverage through **Via Benefits**

- Sells Medicare supplement plans inside U.S.A.

All covered family members must have Medicare

Does not affect Dental/Vision/Legal coverage

MEDICARE RETIREES 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

Catastrophic Coverage Special Payments for R_x

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QUESTIONS