

Health Insurance After You Retire

UCDAVIS

Health Care
Facilitator Program

Presented by
Guarren 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
 - Lower contact lens allowance (\$110 vs. \$160)
 - 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 the 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

Eligibility Groups: 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)

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)

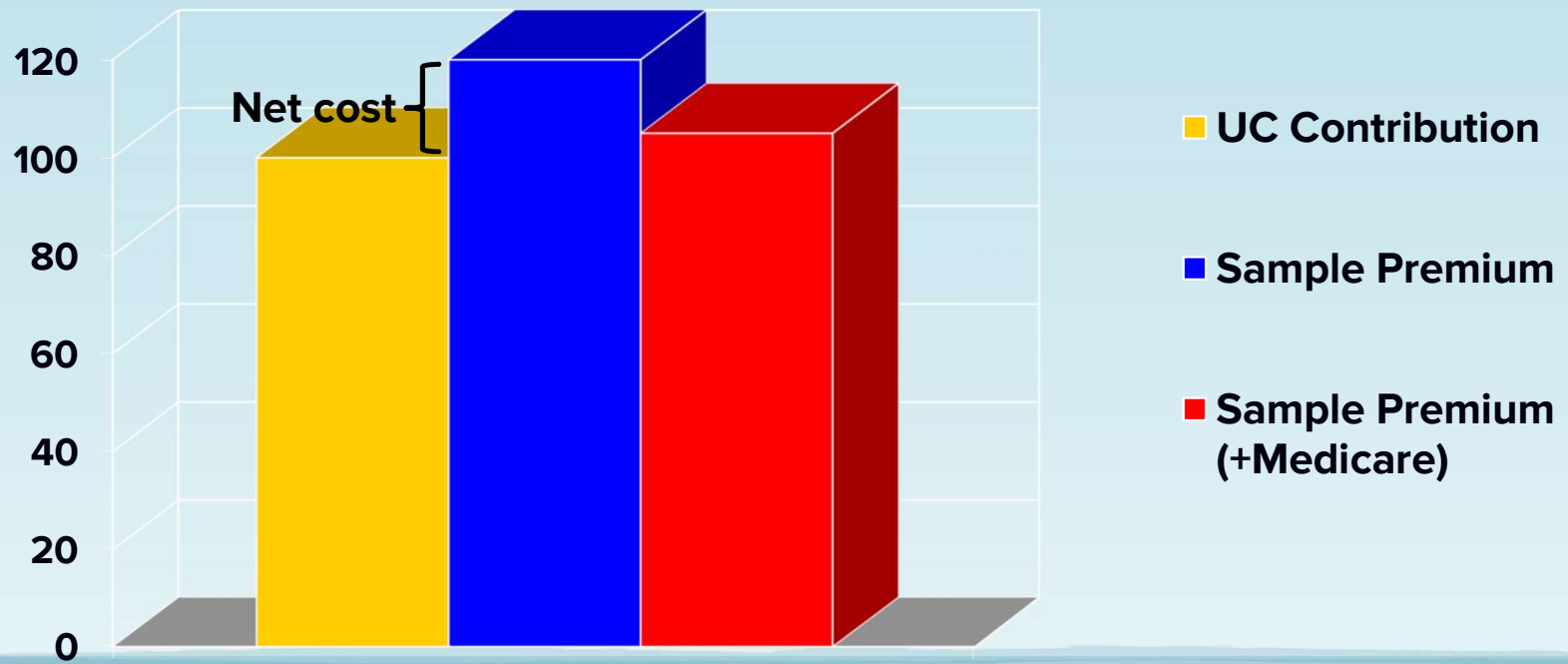
Graduated Eligibility (Group 3)

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

<i>UCRP Entry Date: 7/1/2013+</i>			
Service Credit	Percentage of UC's contribution		
	Age 56	Age 60	Age 65+
10	5%	25%	50%
15	7.5%	37.5%	75%
20+	10%	50.0%	100%

- 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

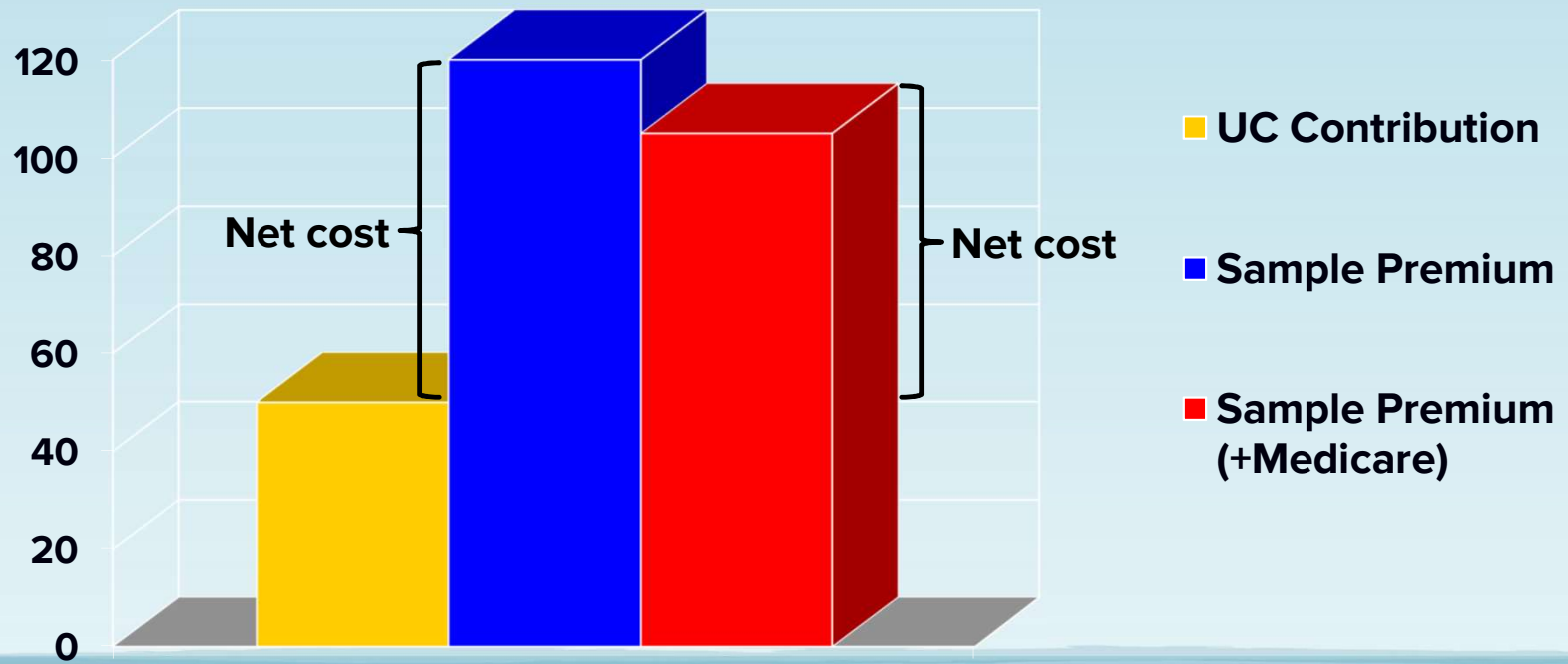
100% of UC's Contribution



Example A (2022)

- Employee retires with 20 years of UCRP service credit (Group 2)
 - Has UC Blue & Gold HMO (Health Net)
 - Covers a spouse
- Total premium: **\$1,784.71/month**
- Max UC contribution: **\$1,176.57**
- Net cost to retiree: **\$608.14**

50% of UC's Contribution



Example B (2022)

- Employee retires with 10 years of UCRP service credit (Group 2)
 - Has UC Blue & Gold HMO (Health Net)
 - Covers a spouse
- Total premium: **\$1,784.71**/month
- UC contribution: **\$588.29** (50% of \$1,176.57)
- Net cost to retiree: **\$1,196.42** (\$1,784.71 - \$588.29)

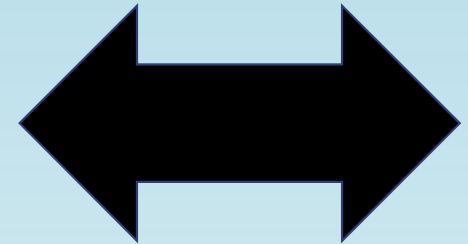
About Retiree Health Plans

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 obtain 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



Excel

Medicare



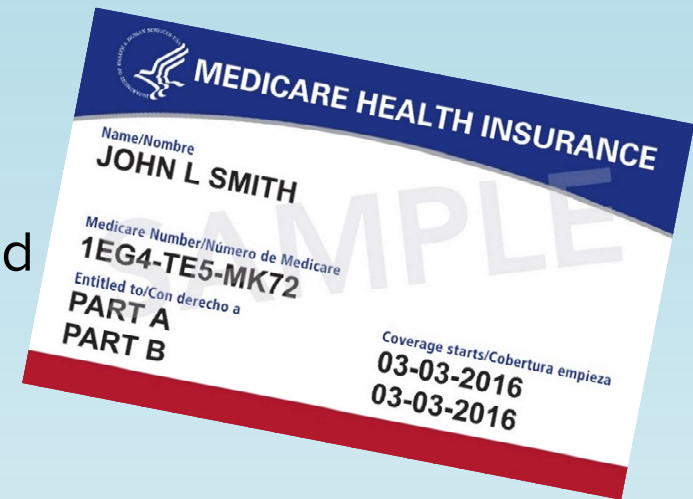
The image shows a Medicare Health Insurance card. At the top, there is a blue header with the Medicare logo (an eagle) and the text "MEDICARE HEALTH INSURANCE". Below the header, the card is white with a red border at the bottom. The card contains the following information:

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

The card also features a large, faint "SAMPLE" watermark across the center.

About Medicare

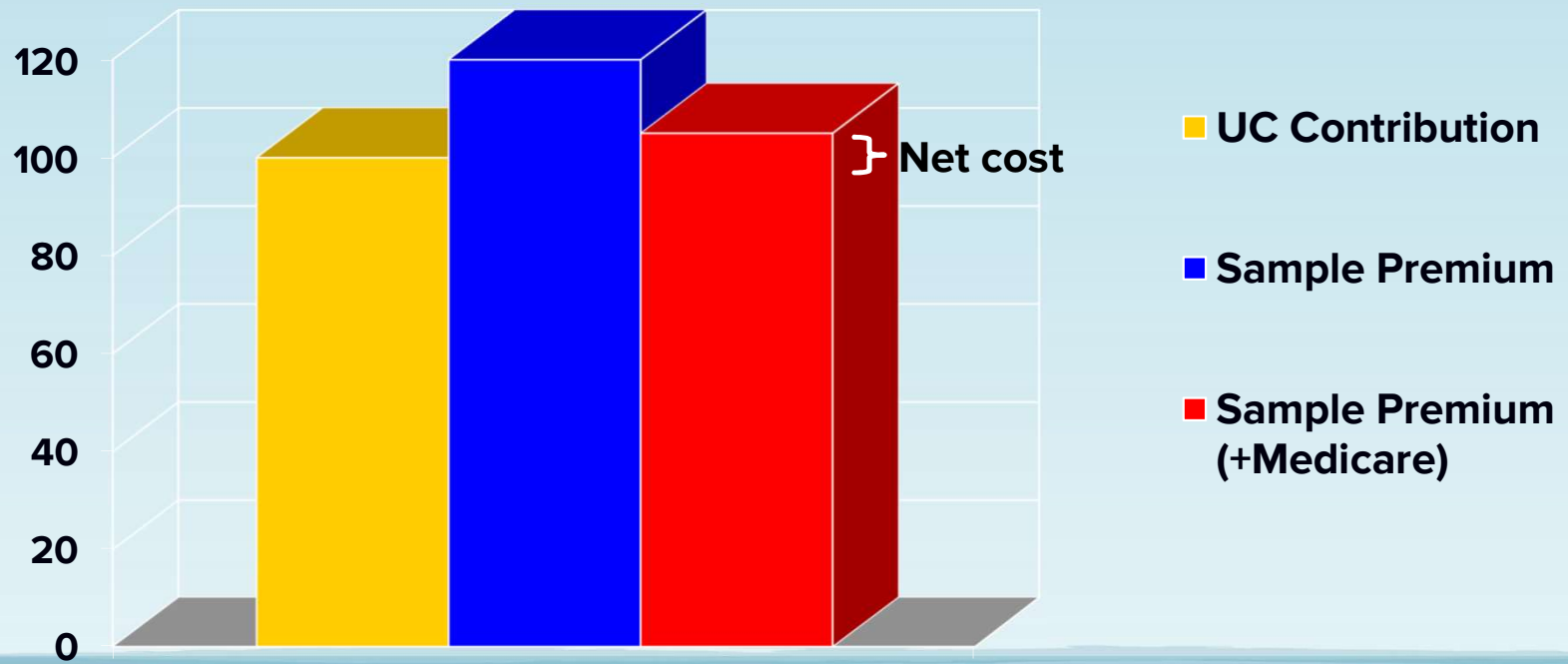
- Medicare is the federal health insurance program for those over 65 and some disabled
 - **Part A (Hospital): premium-free** for most
 - **Part B (Medical): costs \$170.10/month** for 2022 enrollees
 - Costs more if your MAGI from 2 years ago was > \$91,000 (\$182,000 for couples)
- UC relies on Medicare to offset the cost of insurance
- Medicare-coordinated plans usually cost less



Medicare “partner plans”/Mixed Medicare families

Non-Medicare	Medicare
<p>CORE <i>Anthem Blue Cross PPO</i></p>	<p>UC Medicare PPO <i>Anthem Blue Cross PPO</i></p>
<p>UC Care <i>Anthem Blue Cross PPO</i></p>	<p>UC Medicare PPO <i>Anthem Blue Cross PPO</i></p>
<p>UC Blue & Gold HMO <i>Health Net HMO</i></p>	<p>UC Medicare Choice <i>UnitedHealthcare</i> <i>Medicare Advantage PPO</i></p>
<p>Kaiser Permanente <i>HMO</i></p>	<p>Kaiser Senior Advantage <i>Medicare Advantage HMO</i></p>

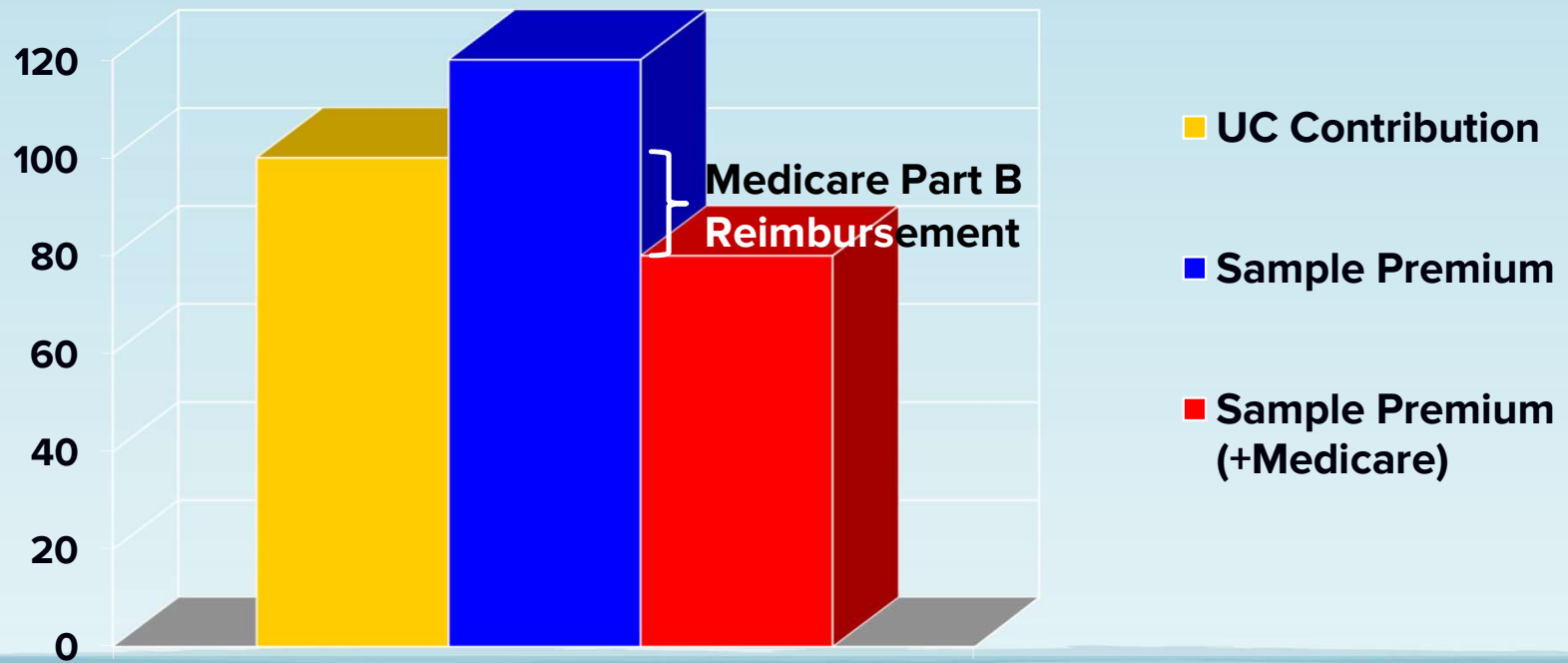
100% of UC's Contribution



Example C (2022)

- Employee retires with 20 years of UCRP service credit (Group 2)
 - Has UC Care (Anthem Blue Cross)
 - Covers a spouse
 - **Both have Medicare**
- Total premium for **UC Medicare PPO** (Anthem Blue Cross): **\$899.70/month**
- Max UC contribution: **\$624.34**
- Premium paid by retiree: **\$275.36** ($\$899.70 - \624.34)
- Medicare Part B premium: $\$170.10 \times 2 =$ **\$340.20**
- Net cost to retiree: **\$615.56** ($\$275.36 + \340.20)

100% of UC's Contribution



Example D (2022)

- Employee retires with 20 years of UCRP service credit (Group 2)
 - Has UC Blue & Gold HMO (Health Net)
 - Covers a spouse
 - **Both have Medicare**
- Total premium for **UC Medicare Choice** (UnitedHealthcare Medicare Advantage PPO): **\$394.24/month**
- Max UC contribution: **\$624.34**
- Medicare Part B premium: $\$170.10 \times 2 =$ **\$340.20**
- Part B reimbursement: **\$230.10** ($\$624.34 - \394.24)
- Net cost to retiree: **\$110.10** ($\$340.20 - \230.10)

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
 - Unless they retired past age 65 and prior to 7/1/1991
 - Those who retire past 65 and fail to enroll in Medicare timely may be subject to lifetime Late Enrollment Penalties
- 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

HMO	+ Medicare
UC Blue & Gold HMO <i>Health Net HMO</i>	UC Medicare Choice <i>UnitedHealthcare MA PPO</i>
Kaiser Permanente <i>HMO</i>	Kaiser Senior Advantage <i>MA HMO</i>

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
 - 947,838 physicians nation-wide*
 - Fewer than 1% of physicians have opted out of Medicare*
 - Ask if accepting new Medicare patients

* How Many Physicians Have Opted-Out of the Medicare Program? (Issue Brief), Oct. 22, 2020, Kaiser Family Foundation

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

Medicare^{R_x}
Prescription Drug Coverage

- 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

More on Part D

Medicare^{Rx}
Prescription Drug Coverage

- 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

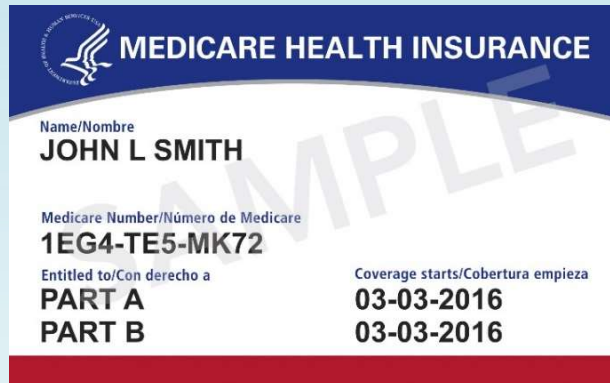
Medicare retirees outside CA



- 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
- Give UC two months lead time

When you get your Medicare card...

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



UC DAVIS Health Care Facilitator Program

Serving UC Davis and UC Davis Health employees, retirees, and survivors since 2002.

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☒ Due to the complexity of health coverage, facilitators prefer to correspond by phone. ☒

COVID-19 Warning:

While facilitators work from home, please refrain from using mail or fax to reach them.

<http://hr.ucdavis.edu/hcf>

The Future

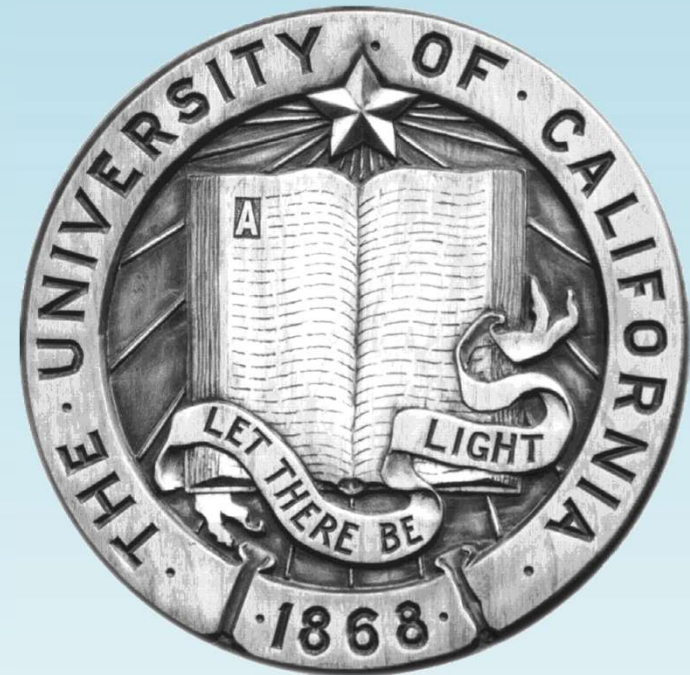
What does the future hold?

- Premiums continue to rise
- As of 2021, **27%** 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:** \$2.36 per \$100 of employee covered compensation for FY 2021

* Source: Kaiser Family Foundation Employer Health Benefits 2021 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 7/1/2022—*Congratulations!!*

- Submit the **Request for Retirement Initiation** 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 retirement correspondence through UCRAYS (retirementatyour.service.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

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