

# Health Insurance After You Retire

**UCDAVIS**

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
- **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)

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

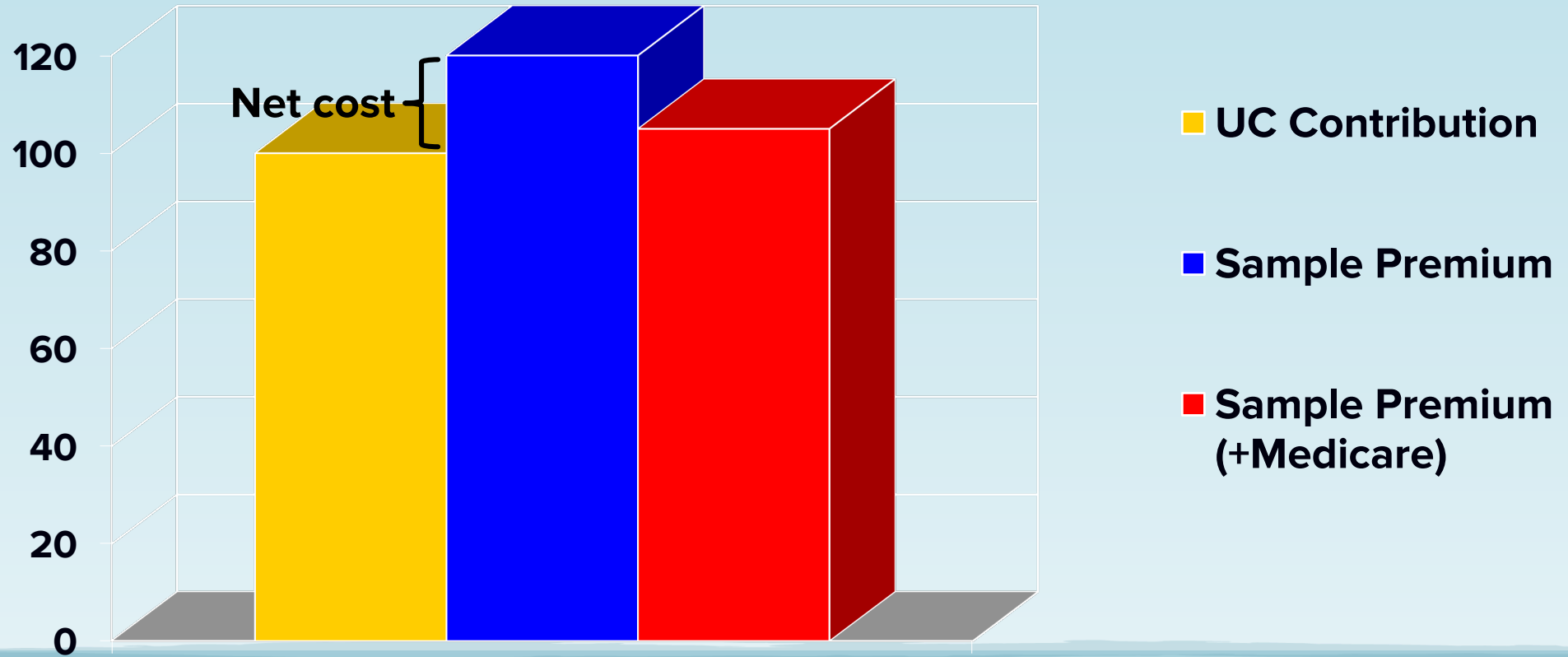
# Graduated Eligibility (Group 3)

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>			
<b>Service Credit</b>	<b>Percentage of UC's contribution</b>		
	<b>Age 56</b>	<b>Age 60</b>	<b>Age 65+</b>
<b>10</b>	<b>5%</b>	<b>25%</b>	<b>50%</b>
<b>15</b>	<b>7.5%</b>	<b>37.5%</b>	<b>75%</b>
<b>20+</b>	<b>10%</b>	<b>50.0%</b>	<b>100%</b>

- 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

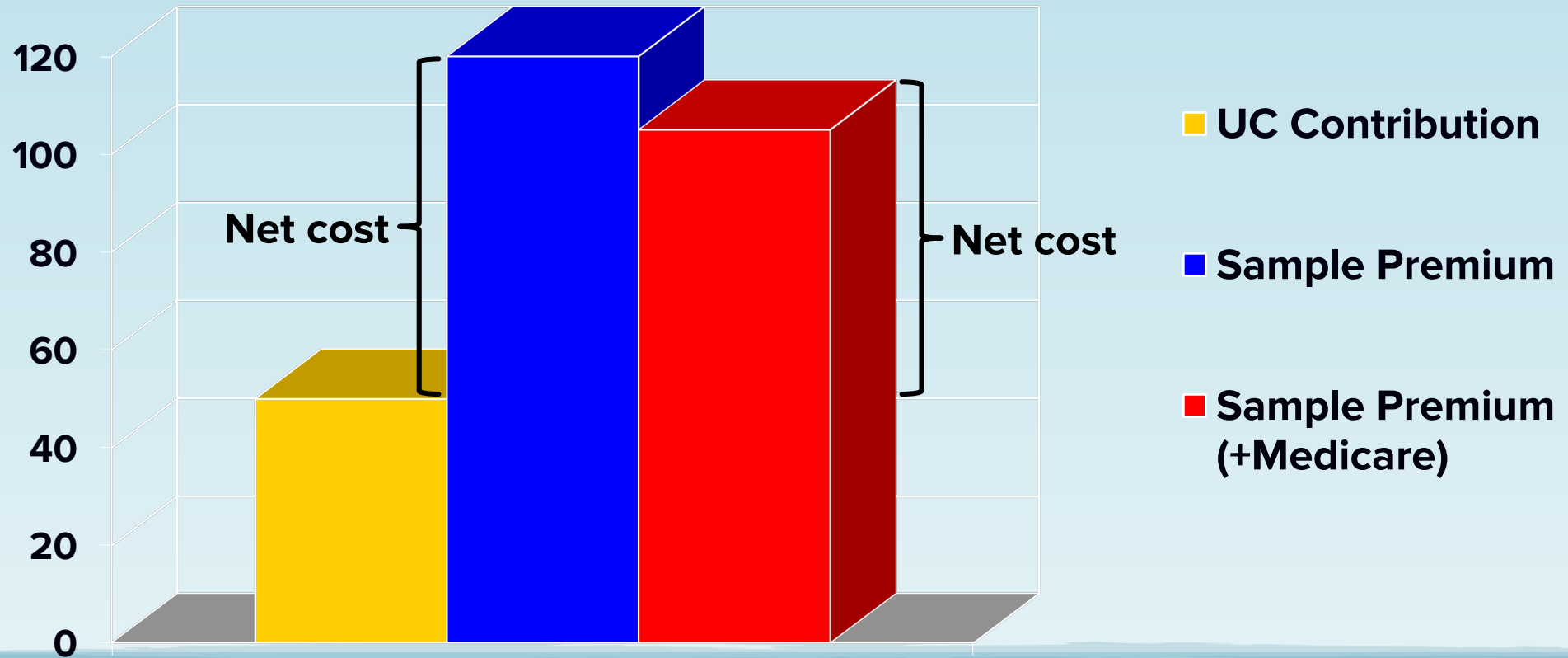
# 100% of UC's Contribution



## 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



## 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**

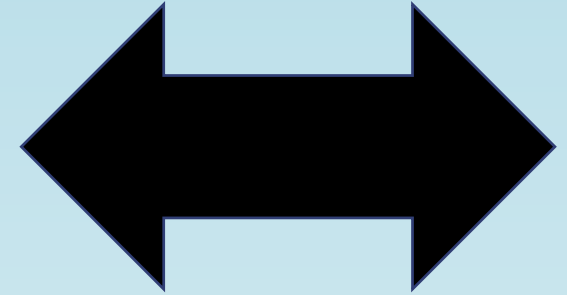
# About Retiree Health Plans

- 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 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

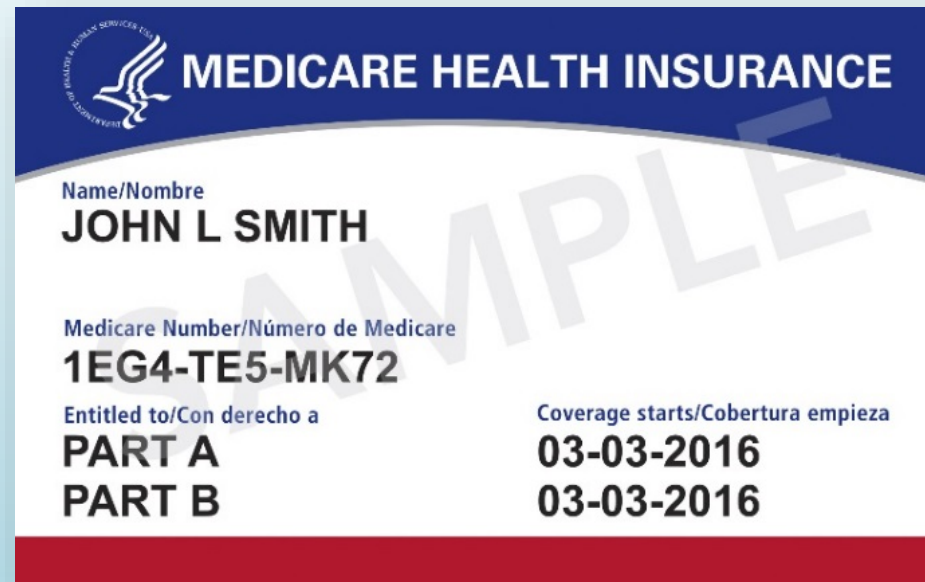
HCF Program site: [hr.ucdavis.edu/hcf](http://hr.ucdavis.edu/hcf)

- **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

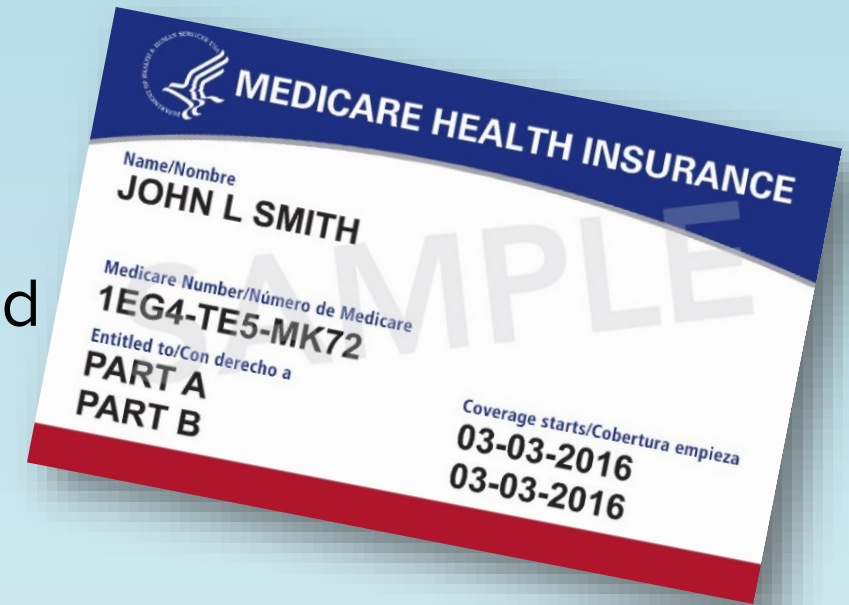


The image shows a Medicare Health Insurance card. At the top left is the logo for the Department of Health & Human Services, USA, featuring an eagle. To the right of the logo, the text "MEDICARE HEALTH INSURANCE" is printed in white on a dark blue background. Below this, the cardholder's name "JOHN L SMITH" is listed under the heading "Name/Nombre". The Medicare Number "1EG4-TE5-MK72" is listed under the heading "Medicare Number/Número de Medicare". The card also specifies the coverage for Part A and Part B, both starting on 03-03-2016. A large, semi-transparent "SAMPLE" watermark is overlaid across the center of the card.

<b>NAME/Nombre</b> <b>JOHN L SMITH</b>	
<b>MEDICARE Number/Número de Medicare</b> <b>1EG4-TE5-MK72</b>	
<b>Entitled to/Con derecho a</b> <b>PART A</b>	<b>Coverage starts/Cobertura empieza</b> <b>03-03-2016</b>
<b>PART B</b>	<b>03-03-2016</b>

# About Medicare

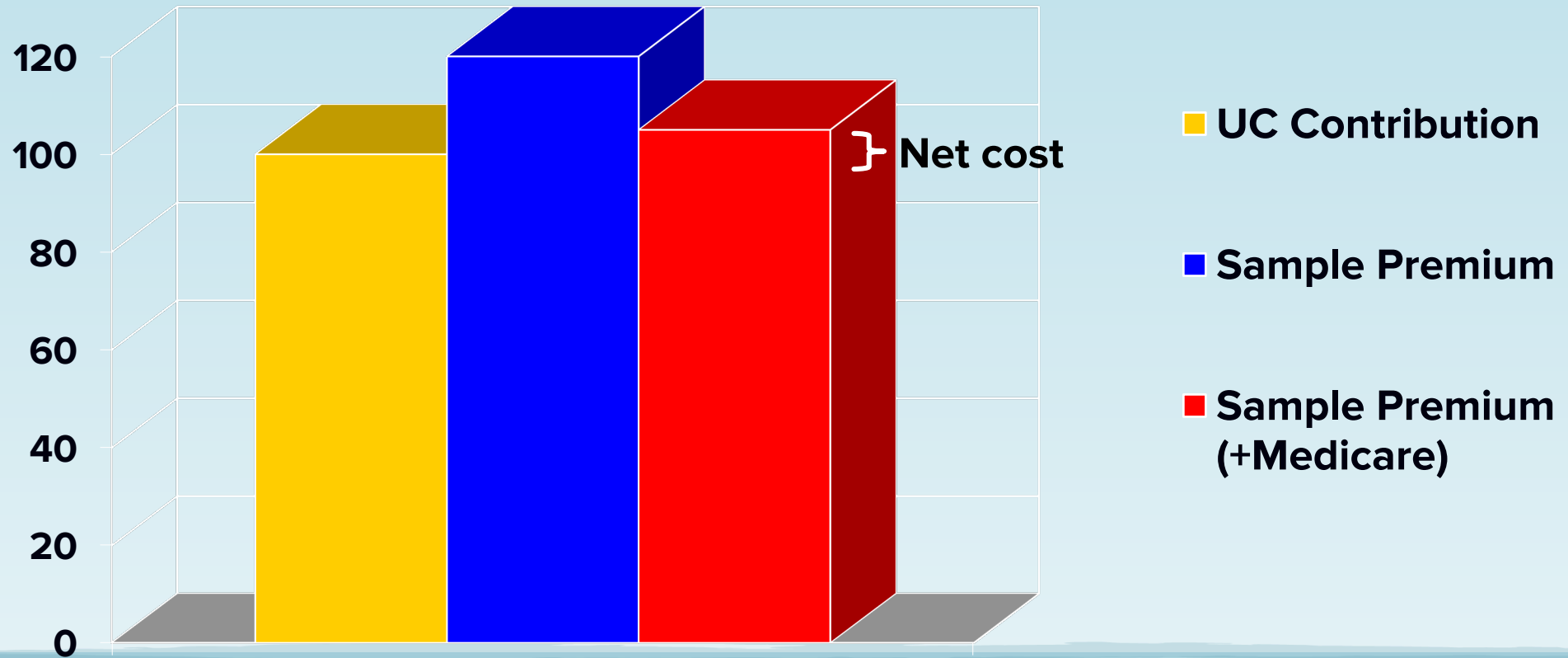
- Medicare is the federal health insurance program for those over 65 and some disabled
  - **Part A (Hospital): premium-free** for most
  - **Part B (Medical): costs \$148.50/month** for 2021 enrollees
    - Costs more if your MAGI from 2 years ago was > \$88,000 (\$176K for couples)
- UC relies on Medicare to offset the cost of insurance
- Medicare-coordinated plans usually cost less



# Medicare “partner plans”/Mixed Medicare families

Non-Medicare	Medicare
<p style="text-align: center;"><b>CORE</b></p> <p style="text-align: center;"><i>Anthem Blue Cross PPO</i></p>	<p style="text-align: center;"><b>UC Medicare PPO</b></p> <p style="text-align: center;"><i>Anthem Blue Cross PPO</i></p>
<p style="text-align: center;"><b>UC Care</b></p> <p style="text-align: center;"><i>Anthem Blue Cross PPO</i></p>	<p style="text-align: center;"><b>UC Medicare PPO</b></p> <p style="text-align: center;"><i>Anthem Blue Cross PPO</i></p>
<p style="text-align: center;"><b>Kaiser Permanente</b></p> <p style="text-align: center;"><i>HMO</i></p>	<p style="text-align: center;"><b>Kaiser Senior Advantage</b></p> <p style="text-align: center;"><i>Medicare Advantage HMO</i></p>
<p style="text-align: center;"><b>UC Blue &amp; Gold HMO</b></p> <p style="text-align: center;"><i>Health Net HMO</i></p>	<p style="text-align: center;"><b>UC Medicare Choice</b></p> <p style="text-align: center;"><i>UnitedHealthcare</i></p> <p style="text-align: center;"><i>Medicare Advantage PPO</i></p>

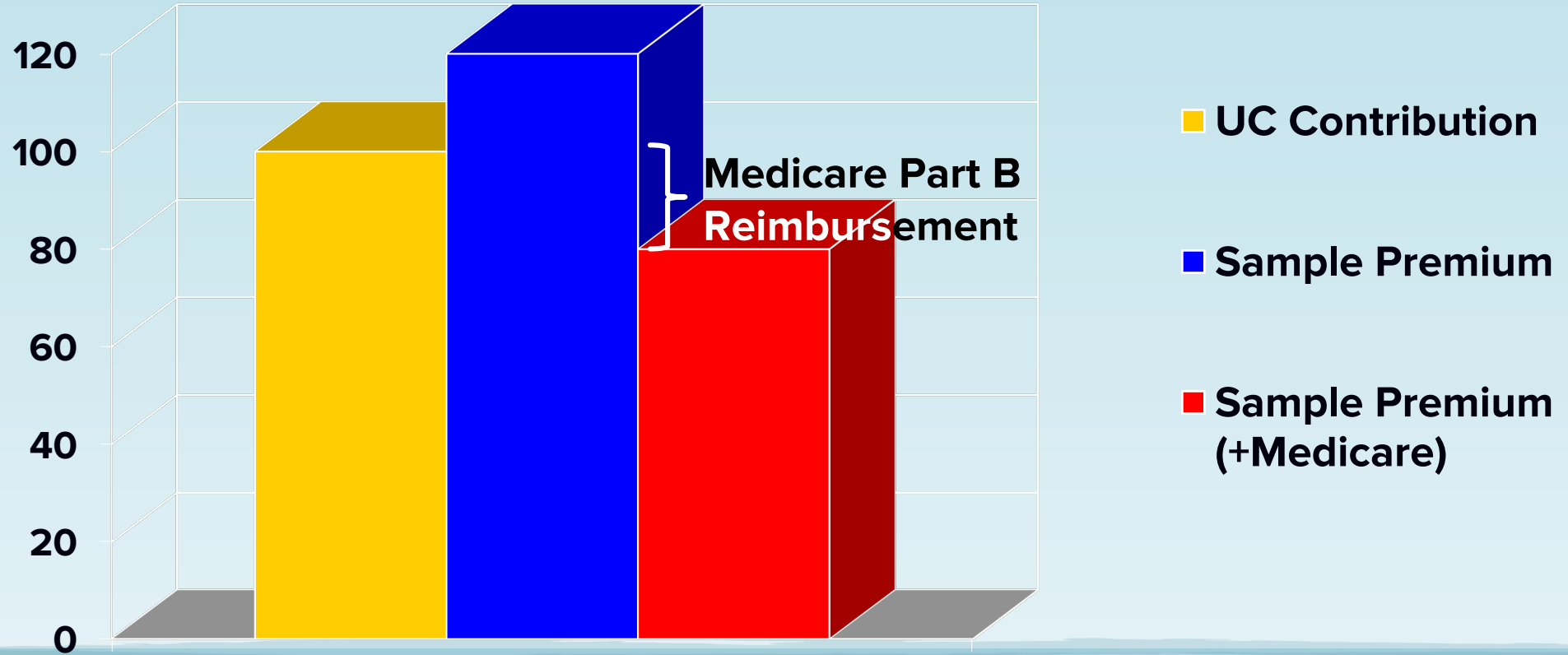
# 100% of UC's Contribution



## 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:  $\$148.50 \times 2 =$  **\$297.00**
- Net cost to retiree: **\$577.86** ( $\$280.86 + \$297.00$ )

# 100% of UC's Contribution





## 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:  $\$148.50 \times 2 =$  **\$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 co. **by form**
- Medicare pays a flat monthly fee to the insurance company
- Medicare cannot be used separately from the MA plan

<b>HMO</b>	<b>+ Medicare</b>
<b>UC Blue &amp; Gold HMO</b> <i>Health Net HMO</i>	<b>UC Medicare Choice</b> <i>UnitedHealthcare MA PPO</i>
<b>Kaiser Permanente</b> <i>HMO</i>	<b>Kaiser Senior Advantage</b> <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
  - ~550,000 physicians nation-wide\*
  - Fewer than 1% of physicians have opted out of Medicare\*
  - Ask if accepting new Medicare patients

\* Medicare Patients' Access to Physicians: A Synthesis of the Evidence, Dec. 10, 2013, 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<sub>Rx</sub>  
Prescription Drug Coverage

- Outpatient prescription drug benefit
- Subsidizes UC medical plan premiums
- The R<sub>x</sub> coverage of UC medical plans is equivalent to or better than Part D
  - Considered **creditable coverage**
  - You may be asked about past R<sub>x</sub> coverage

## More on Part D

Medicare<sup>Rx</sup>  
Prescription Drug Coverage

- 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

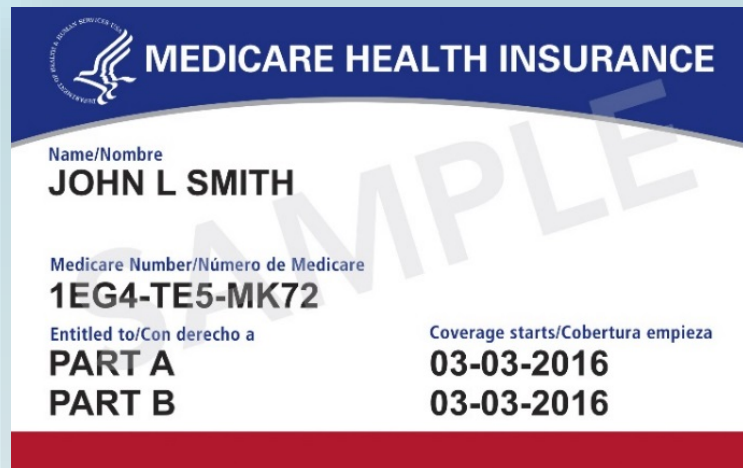


- Local coverage through **Via Benefits**
- Sells Medicare supplement plans inside U.S.A.
- All covered family members must have Medicare
- Does not affect Dental/Vision/Legal coverage
- UC provides Health Reimbursement Arrangement (HRA)
  - \$3,000 per covered person (subject to Graduated Eligibility)
- Use HRA money to 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



## UC DAVIS Health Care Facilitator Program

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

# The Future

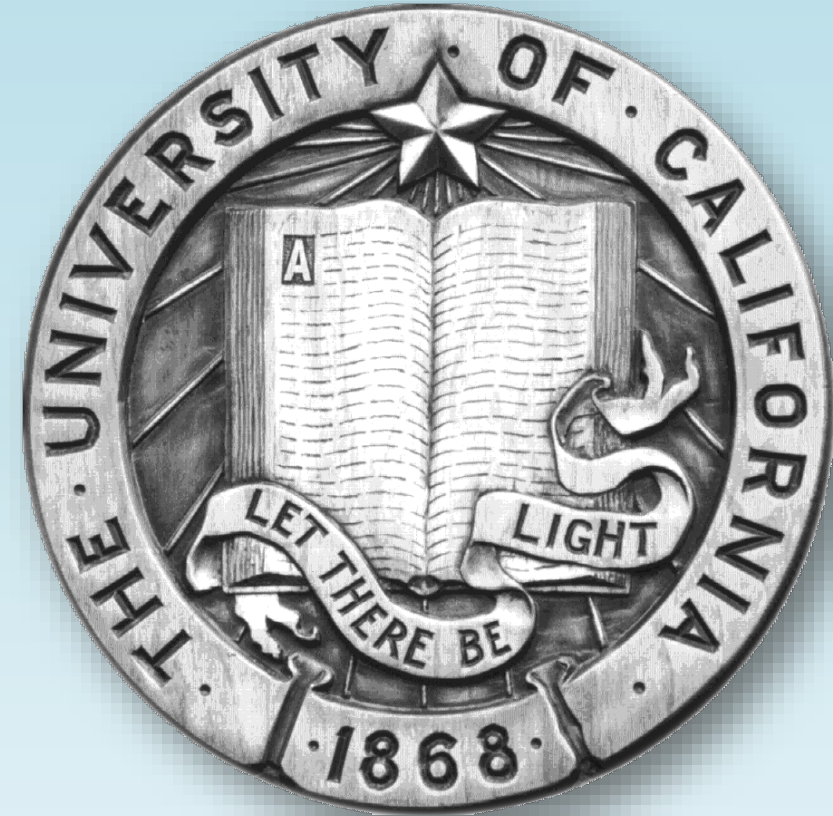
# What does the future hold?

- 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 ([retirementatyour.service.ucop.edu](https://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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