

Health Insurance After You Retire

UCDAVIS

Health Care
Facilitator Program

Presented by
Guerrén 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 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 (without retiring) 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)

<i>UCRP Entry Date: 1/1/1990–6/30/2013</i>	
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)

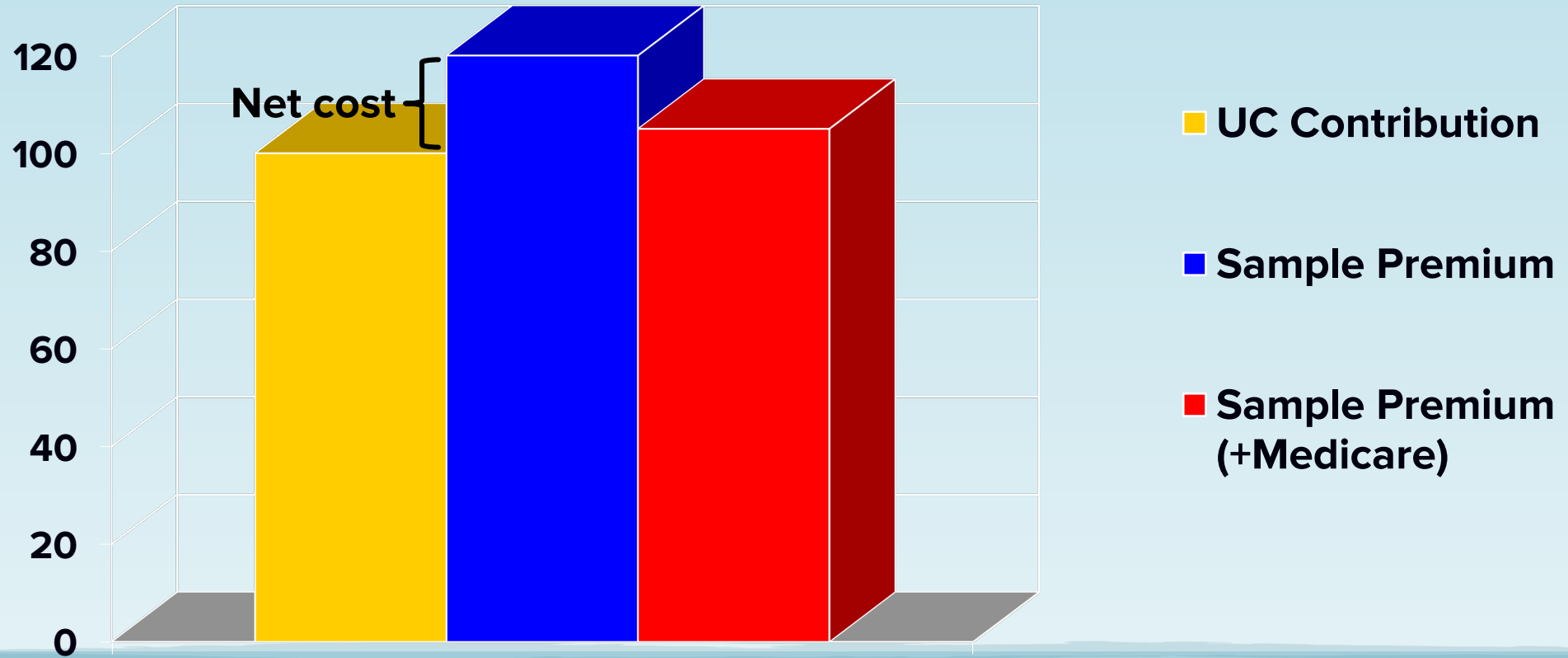
Graduated Eligibility (Group 3)

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

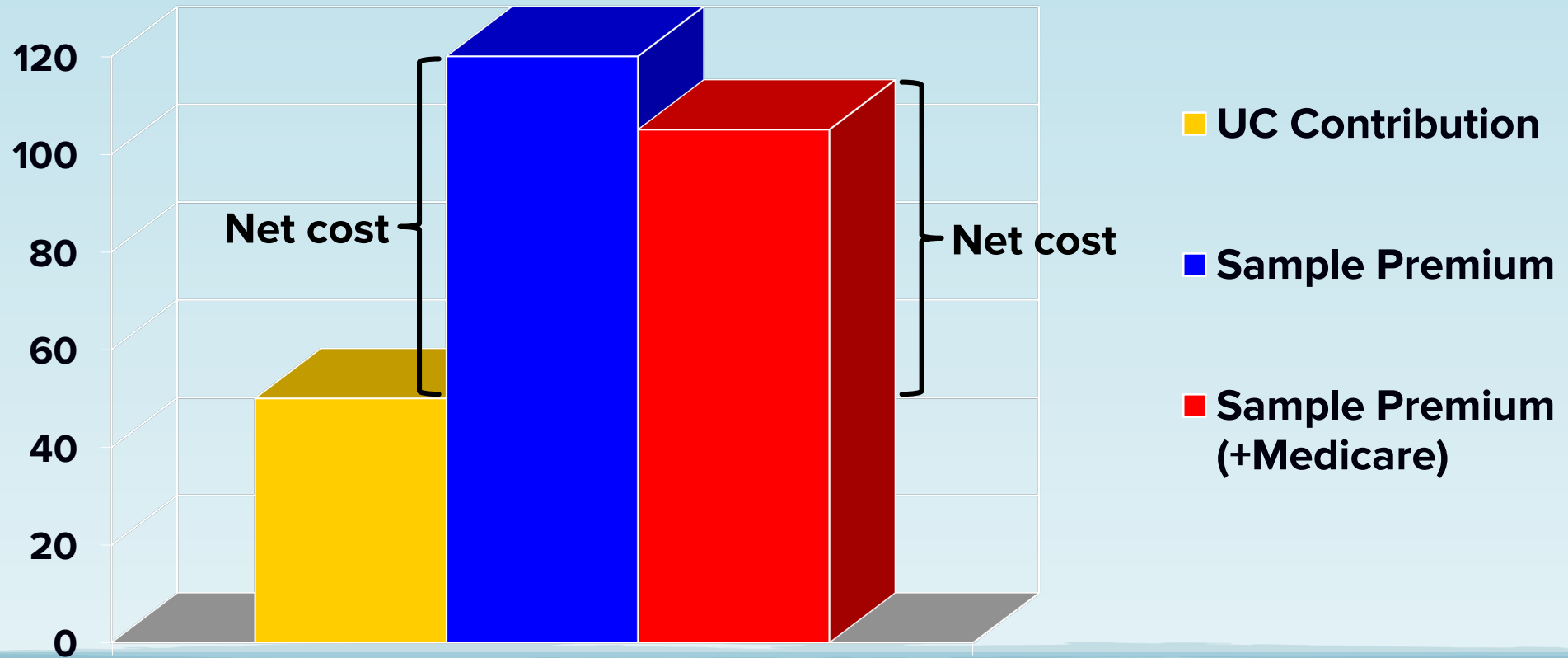
100% of UC's Contribution



Example A (2023)

- Employee retires with 20 years of UCRP service credit (Group 2)
 - Has UC Blue & Gold HMO (Health Net)
 - Covers a spouse
- Total premium: **\$1,856.32/month**
- Max UC contribution: **\$1,236.05**
- Net cost to retiree: **\$620.27**

50% of UC's Contribution



Example B (2023)

- Employee retires with 10 years of UCRP service credit (Group 2)
 - Has UC Blue & Gold HMO (Health Net)
 - Covers a spouse
- Total premium: **\$1,856.32**/month
- UC contribution: **\$618.03** (50% of \$1,236.05)
- Net cost to retiree: **\$1,238.29** (\$1,856.32 - \$618.03)

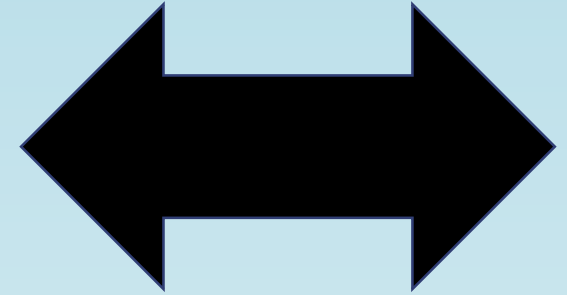
About Retiree Health Plans

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**
- 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

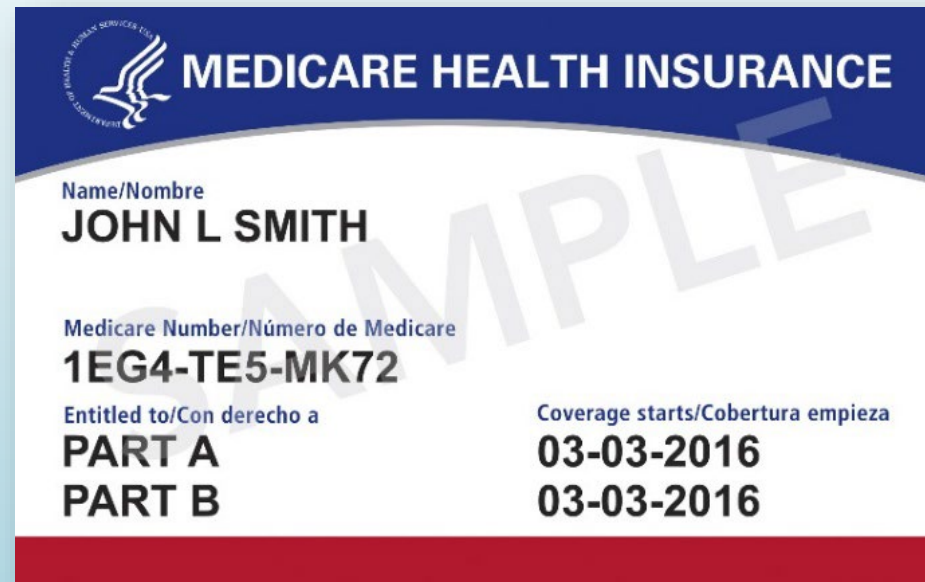
HCF Program site: hr.ucdavis.edu/hcf

- **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

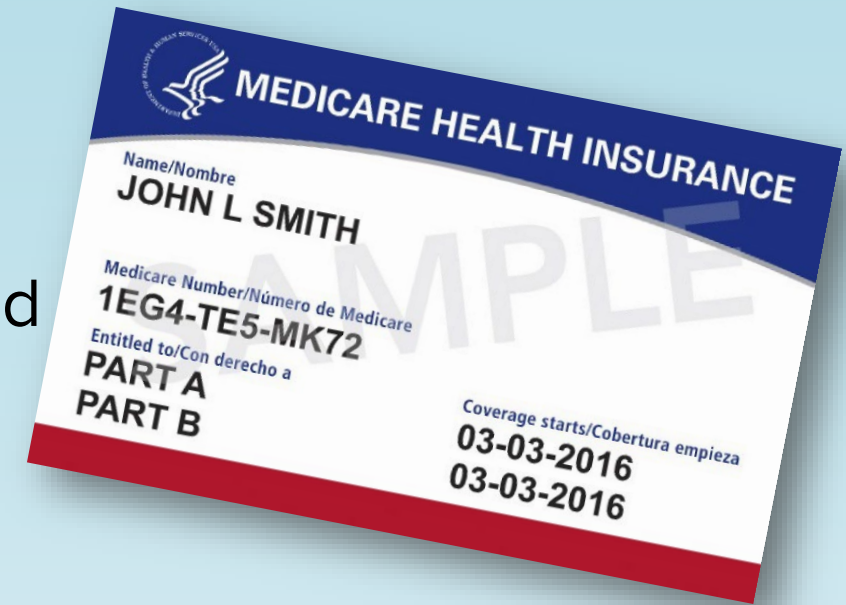


The image shows a Medicare Health Insurance card for John L. Smith. The card has a blue header with the Department of Health and Human Services logo and the text "MEDICARE HEALTH INSURANCE". Below the header, the cardholder's name is listed as "JOHN L SMITH". The Medicare Number is "1EG4-TE5-MK72". The card indicates coverage for both Part A and Part B, with coverage starting on 03-03-2016 for both. A large "SAMPLE" watermark is visible across the center of the card.

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

About Medicare

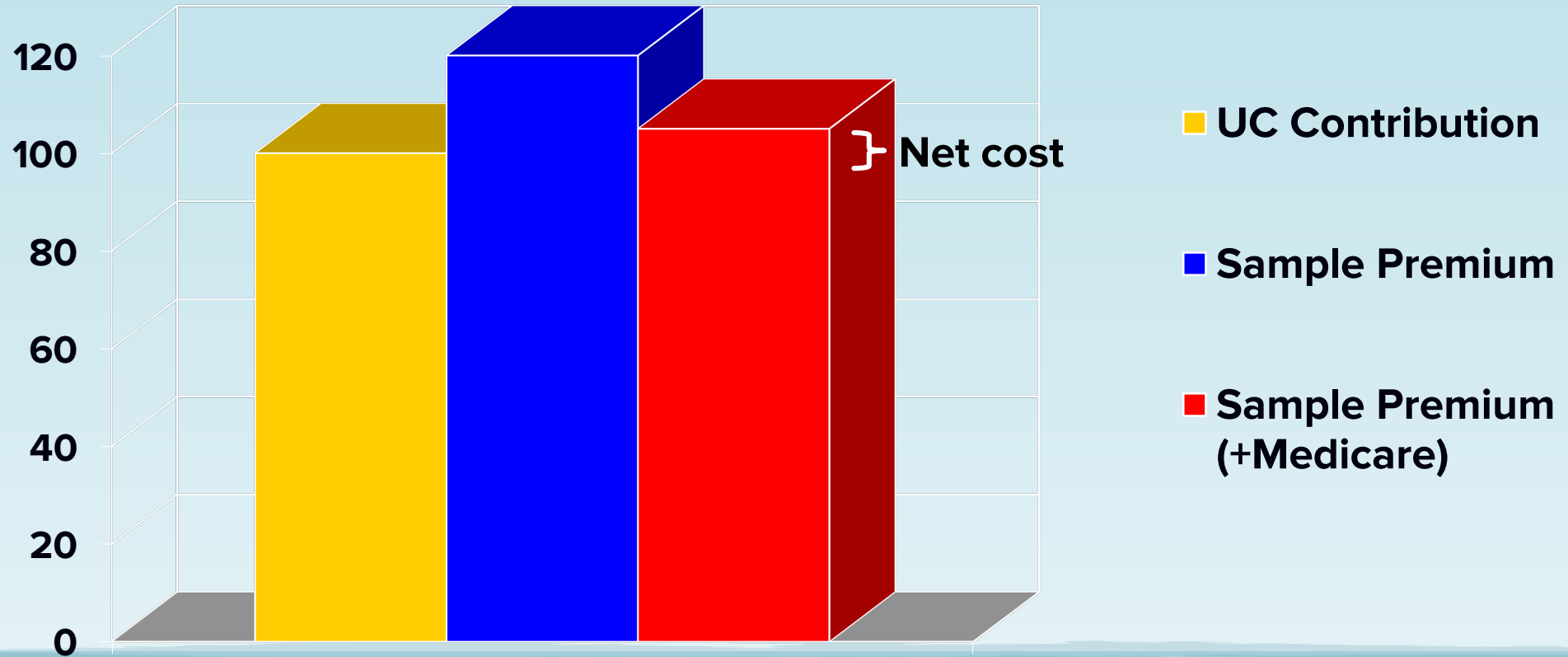
- Medicare is the federal health insurance program for those over 65 and some disabled
 - **Part A (Hospital): premium-free** for most
 - **Part B (Medical): costs \$164.90/month** for 2023 enrollees
 - Costs more if your MAGI from 2 years ago was > \$97,000 (\$194,000 for couples)
- UC relies on Medicare to offset the cost of insurance
- Medicare-coordinated plans usually cost less



Medicare “partner plans”/Mixed Medicare families

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

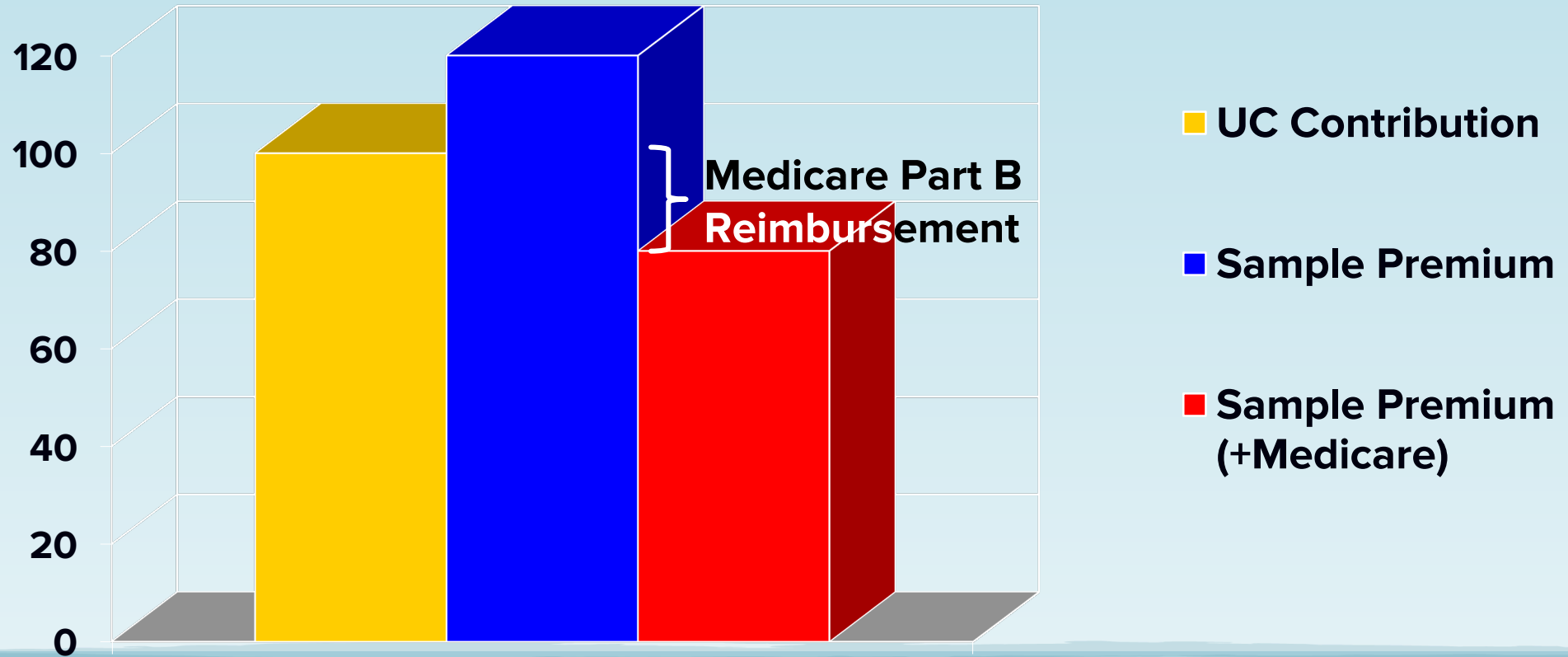
100% of UC's Contribution



Example C (2023)

- 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: **\$666.44**
- Premium paid by retiree: **\$233.26** ($\$899.70 - \666.44)
- Medicare Part B premium: $\$164.90 \times 2 =$ **\$329.80**
- Net cost to retiree: **\$563.06** ($\$233.26 + \329.80)

100% of UC's Contribution



Example D (2023)

- 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): **\$498.42/month**
- Max UC contribution: **\$666.44**
- Medicare Part B premium: $\$164.90 \times 2 =$ **\$329.80**
- Part B reimbursement: **\$168.02** ($\$666.44 - \498.42)
- Net cost to retiree: **\$161.78** ($\$329.80 - \168.02)

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

Keep Medicare or give it away?

Two ways to coordinate Medicare Parts A & B:

1. **Keep your Medicare:**

- Original Medicare with a **supplemental** (secondary) plan, or:

2. **Give your Medicare away:**

- **Medicare Advantage** (MA) plans
 - Medicare pays a flat monthly fee to the insurance company

HMO Medicare Partner Plans: *Medicare Advantage*

- If you are enrolled in an HMO, when you obtain Medicare A & B, you must give your Medicare away
 - Sign over your Medicare benefits to the insurance company **by form**
- Medicare cannot be used separately from the MA plan; plan can require **prior authorization**

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>

PPO Medicare Partner Plans

- If you are enrolled in a PPO, you get to keep your Medicare
- **Medicare is primary**; Anthem Blue Cross plan is supplemental
- **Retiring past age 65? Call Medicare's Coordination of Benefits department** at (855) 798-2627 after your last day on pay—tell them you retired
- Medicare rarely requires **prior authorization**
- Medicare providers must be used
 - Fewer than 1% of physicians have opted out of Medicare*
 - Ask if accepting new Medicare patients

* Most Office-Based Physicians Accept New Patients, Including Patients With Medicare and Private Insurance, May 12, 2022, Kaiser Family Foundation

Anthem Blue Cross Medicare Partner Plans

- If you have Medicare A & B, and you are enrolled in CORE or UC Care, you must coordinate your benefits **by form**

PPO	+ Medicare
CORE <i>Anthem Blue Cross PPO</i>	UC Medicare PPO <i>Anthem Blue Cross PPO</i>
UC Care <i>Anthem Blue Cross PPO</i>	UC Medicare PPO <i>Anthem Blue Cross PPO</i>

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 **creditable coverage**
 - **Important:** If past age 65 when you first enroll, you may be asked about past R_x coverage; report it by calling the plan or pay a Late Enrollment Penalty (LEP)

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

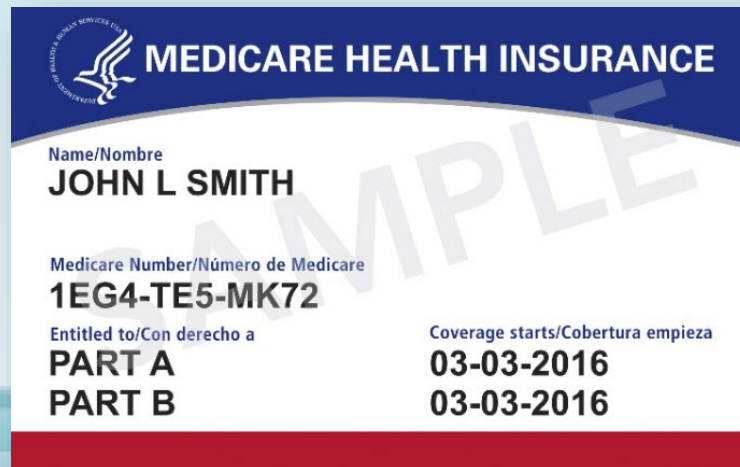
Medicare retirees outside CA



- Local coverage through **Via Benefits**
 - Sells Medicare plans across the 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
- Have Kaiser? Give UC 2 months lead time before you move

Call your Health Care Facilitator Program

- 3 months prior to the month that you turn 65
- When you get your Medicare card showing parts A & B



UCDAVIS
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 2022, **21%** 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 2022

Future of health coverage through UC

- **The University intends to continue retiree health coverage**
 - 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 7/1/2023—Congratulations!!

- Initiate retirement via UCRAYS (retirementatyour.service.ucop.edu) 90 days prior to your target retirement date (on 4/1)
 - 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 whenever possible (Exception: retiree health forms are best faxed)
- 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 23,100 active employees; 10,150 retirees

UC DAVIS Health Care Facilitator Program

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