

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 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+

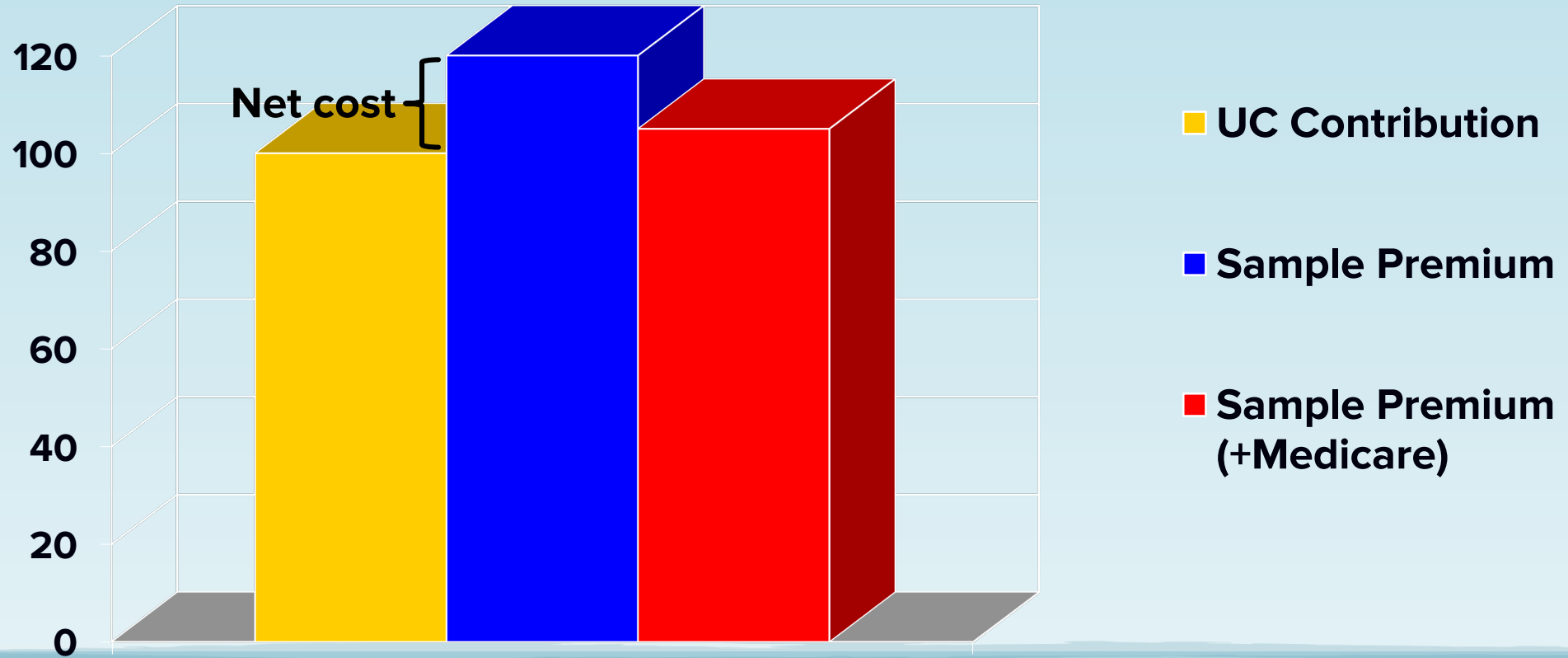
Graduated Eligibility (Group 2)

The percentage of UC's maximum contribution is based on **full years** of UCRP service credit

- Include sick leave

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)

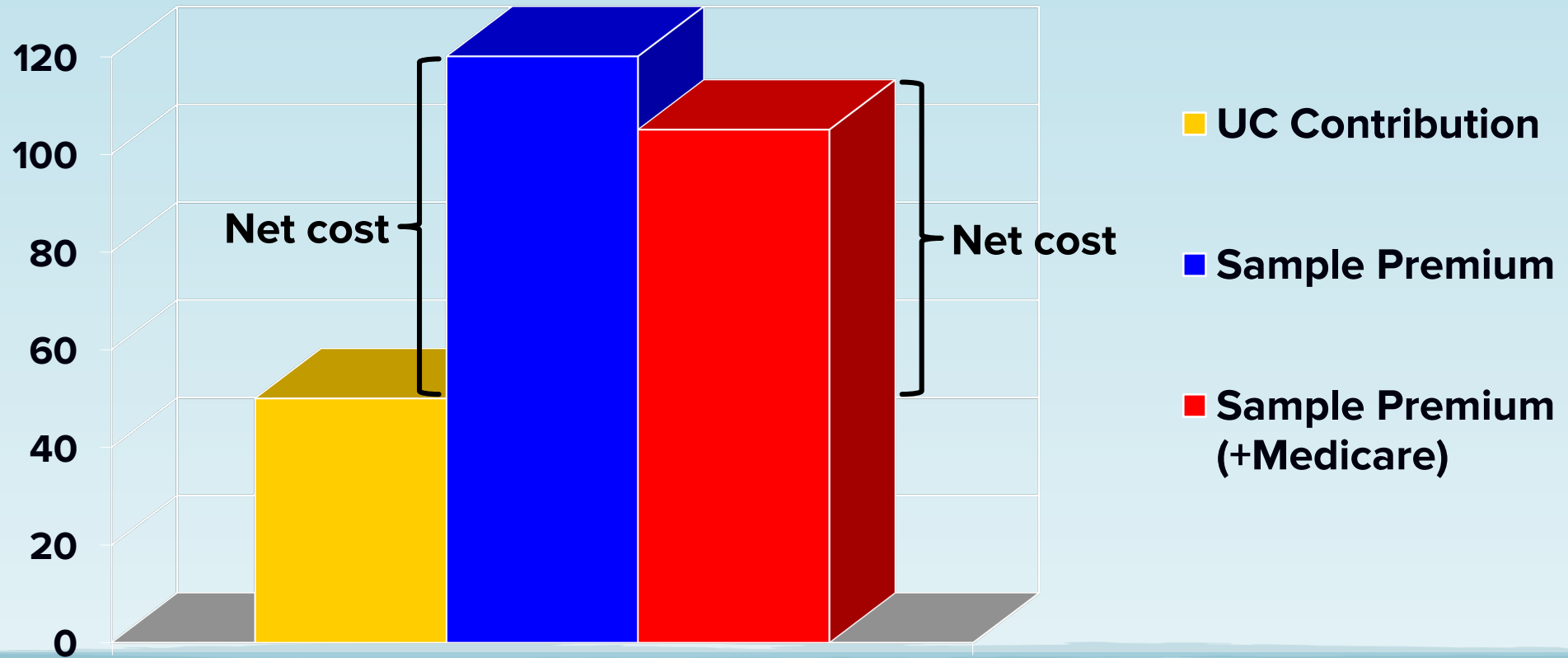
100% of UC's Contribution



Example A (2020)

- Employee with 20 years of UCRP service credit (Group 2) retires with UC Blue & Gold HMO (Health Net) and a covered spouse
- Total premium: **\$1,630.92/month**
- Max UC contribution: **\$1,108.08**
- Net cost to retiree: **\$522.84**

50% of UC's Contribution



Example B (2020)

- Employee with 10 years of UCRP service credit (Group 2) retires with UC Blue & Gold HMO (Health Net) and a covered spouse
- Total premium: \$1,630.92/month
- UC contribution: \$554.04 (**50%** of \$1,108.08)
- Net cost to retiree: **\$1,076.88** (\$1,630.92 - \$554.04)

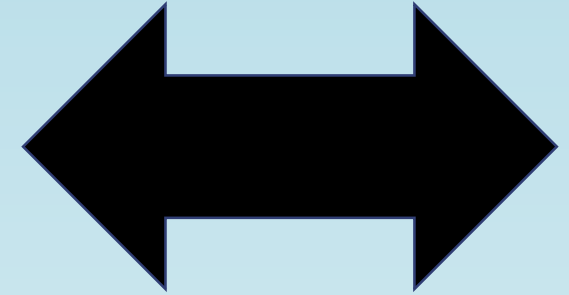
About Retiree Health Plans

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 medical plan termination letter when campus coverage ends
 - Ignore COBRA continuation offer from WageWorks
- 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

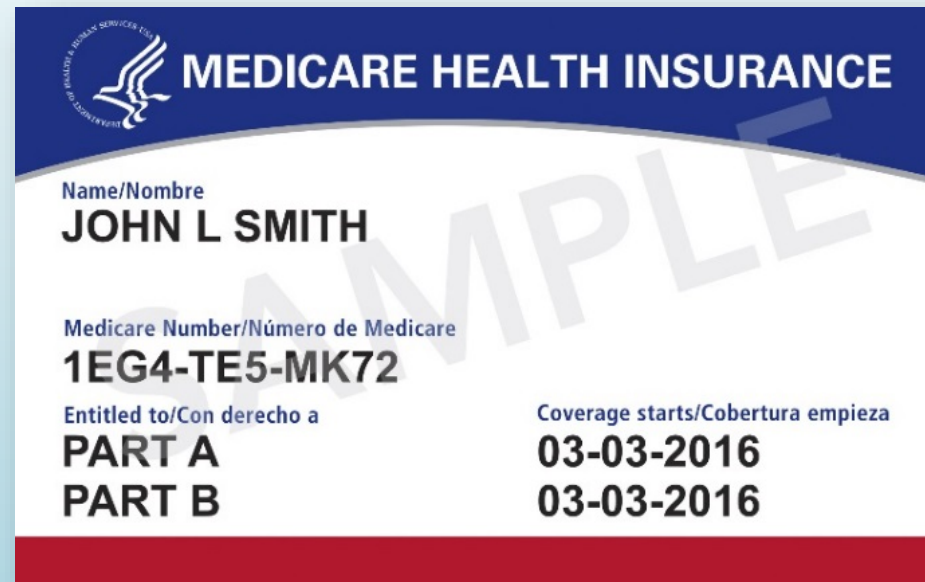
HCF Program site: hr.ucdavis.edu/hcf

- **UC Retiree Premium Estimator** (Excel)
 - If eligible for Medicare, consider that cost
 - If you are a rehired retiree, you should retain your original eligibility (Group 1 or 2) when you re-retire
- Moving? **UC Medical Plan Availability tool** (Excel)
 - Determine which medical plans are available where



Excel

Medicare

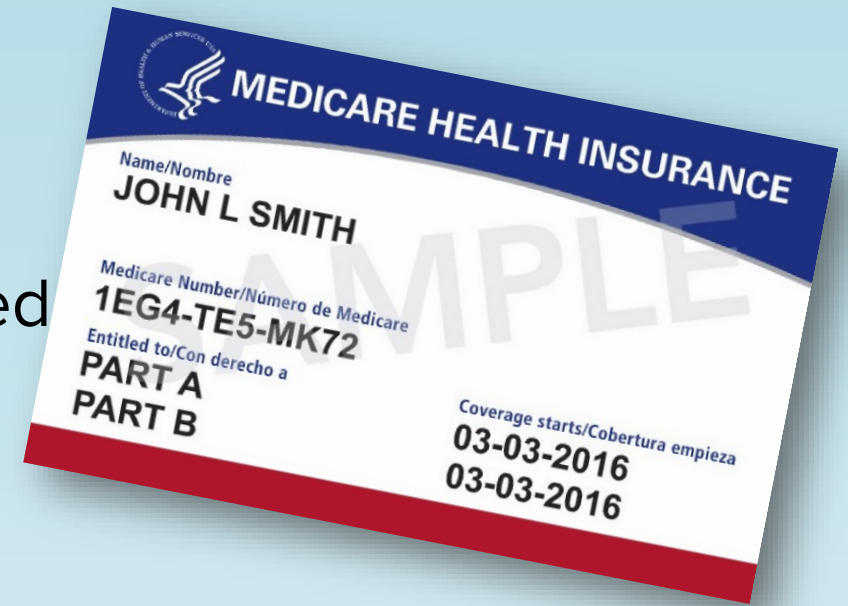


The image shows a Medicare Health Insurance card. At the top left is the logo for the Department of Health & Human Services, USA, featuring an eagle. To the right of the logo, the text "MEDICARE HEALTH INSURANCE" is printed in white on a dark blue background. Below this, the cardholder's name "JOHN L 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, light gray "SAMPLE" watermark is overlaid diagonally 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

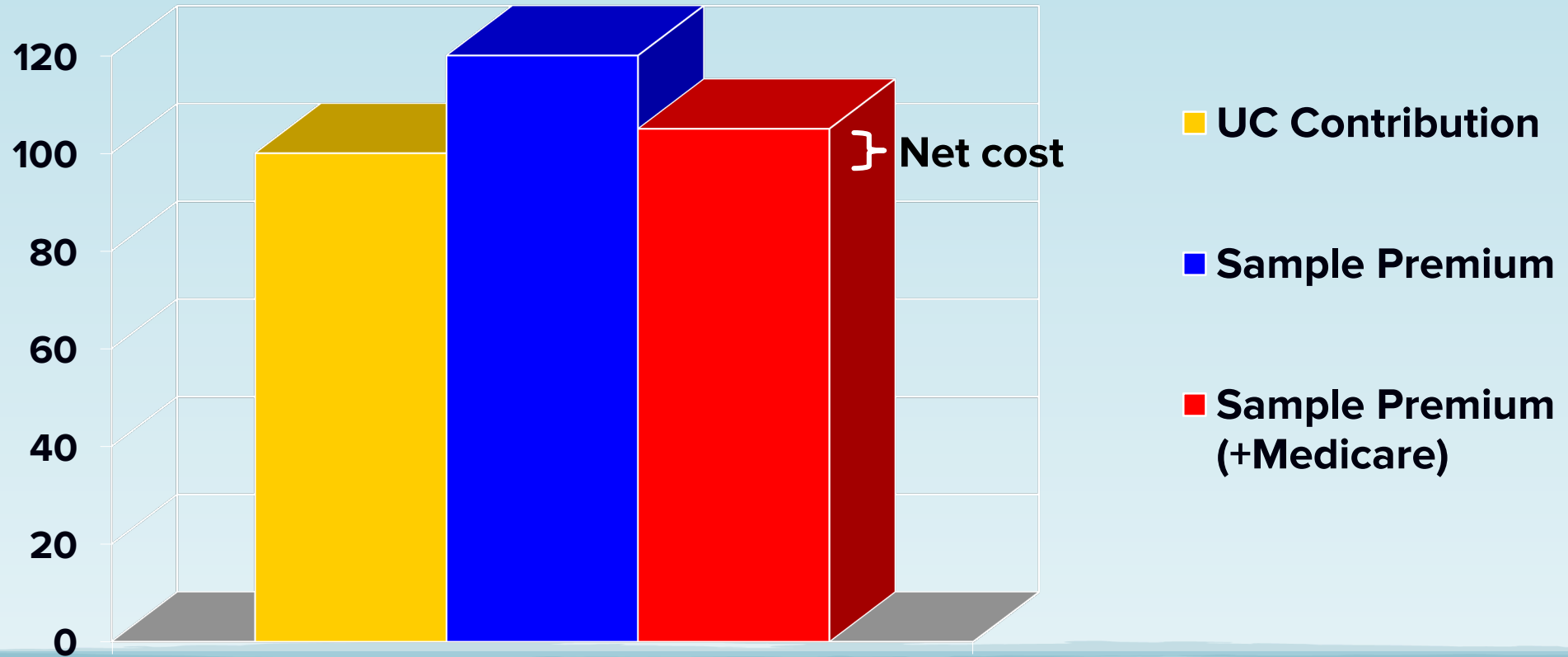
- Medicare is the federal health insurance program for those over 65 and some disabled
 - **Part A (Hospital): premium-free** for most
 - **Part B (Medical): costs \$144.60/month** for 2020 enrollees
 - Costs more if your MAGI from 2 years ago was > \$87,000 (\$174K for couples)
- UC relies on Medicare 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>
Kaiser Permanente <i>HMO</i>	Kaiser Senior Advantage <i>HMO</i>
UC Blue & Gold HMO <i>Health Net HMO</i>	UC Medicare Choice <i>UnitedHealthcare PPO</i>

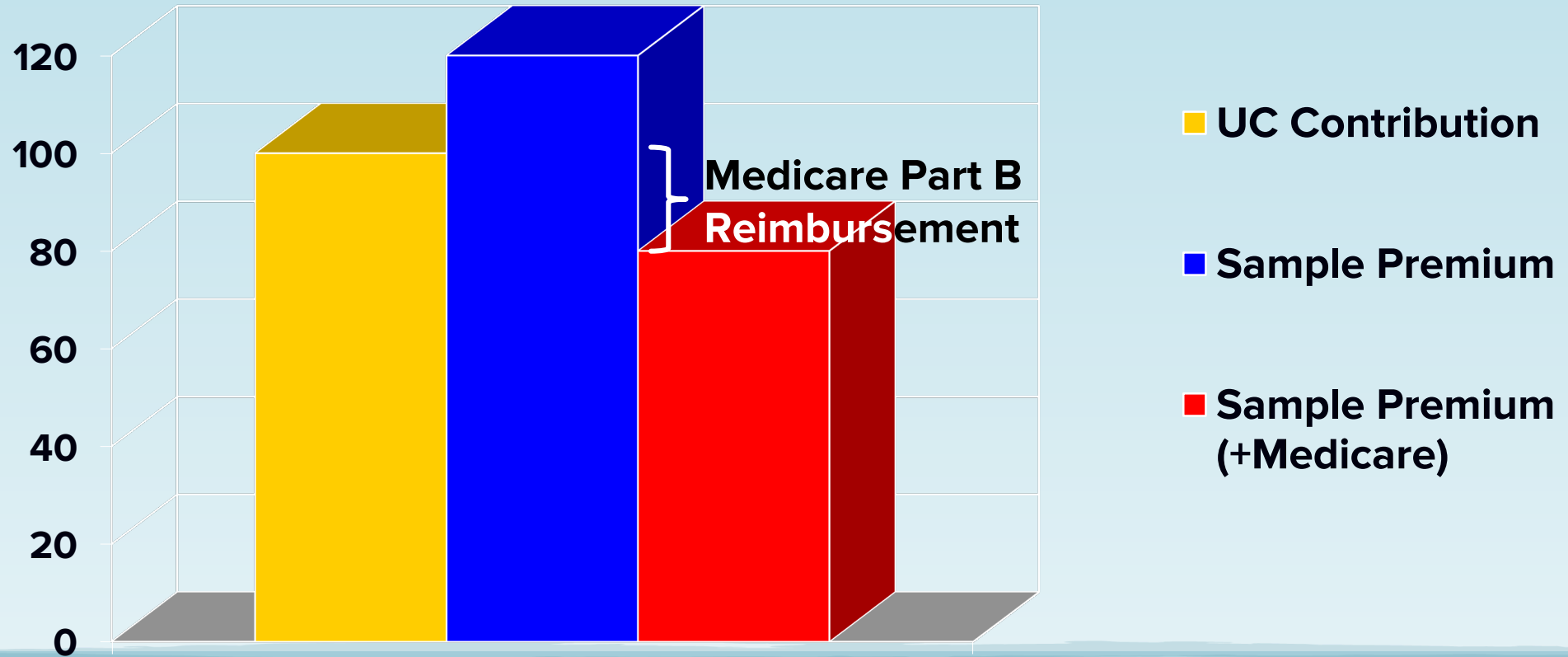
100% of UC's Contribution



Example C (2020)

- 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): **\$876.58**/month
- Max UC contribution: **\$650.36**
- Premium paid by retiree: **\$226.22** ($\$876.58 - \650.36)
- Medicare Part B premium: $\$144.60 \times 2 =$ **\$289.20**
- Net cost to retiree: **\$515.42** ($\$226.22 + \289.20)

100% of UC's Contribution



Example D (2020)

- 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 PPO): **\$419.62/month**
- Max UC contribution: **\$650.36**
- Part B premium: $\$144.60 \times 2 = \mathbf{\$289.20}$
- Part B reimbursement: **\$230.74** ($\$650.36 - \419.62)
- Net cost to retiree: **\$58.46** ($\$289.20 - \230.74)

UC's Medicare Requirements

- Retirees and their covered 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
- UC does not require active employees/dependents to enroll in Medicare
 - 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.
- 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
 - ~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_{Rx}
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

- 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

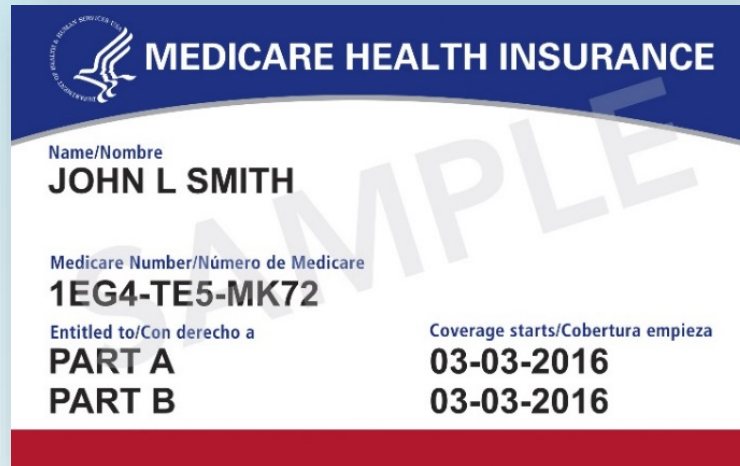
Medicare retirees outside CA



- 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 Medigap or MA 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



UCDAVIS Health Care Facilitator Program

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

If you wish to visit the Health Care Facilitator or HCF 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 260 Cousteau Place, Suite 150, or with UCDSHS Benefits on the 2nd floor of the Ticon III Building.

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

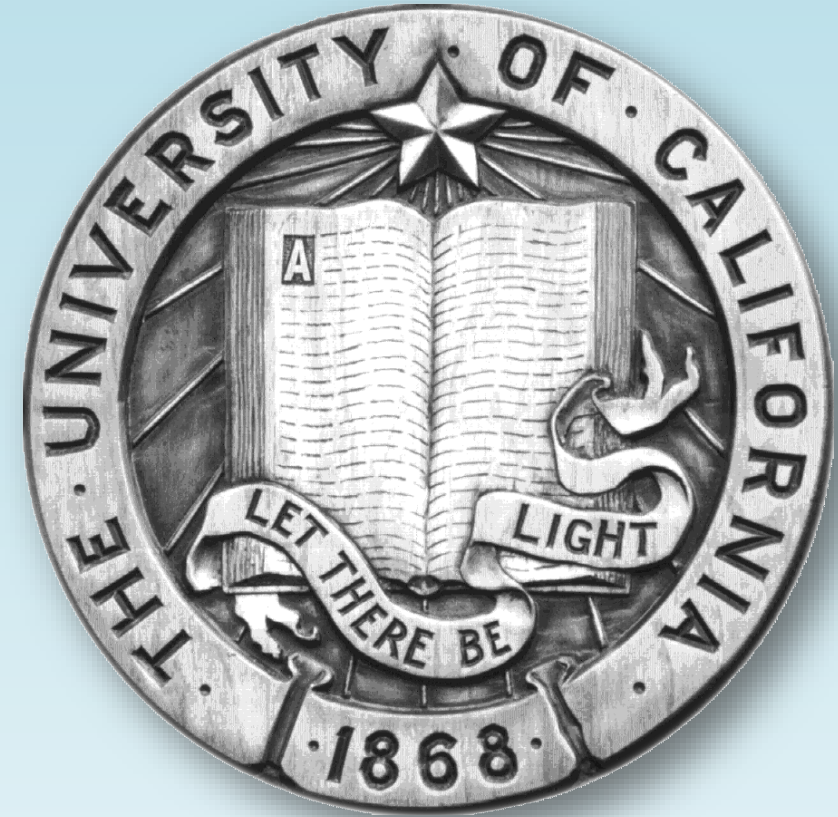
The Future

What does the future hold?

- Premiums continue to rise
- As of 2019, **28%** 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:** \$2.60 per \$100 of employee covered compensation for FY 2019

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
- Protect age 65+ retirees ineligible for Medicare
- 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 7/1/2020—*Congratulations!!*

- If you have not already, 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 (retirementatyourservice.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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