Medicare and CalPERS Health Plans
Presenter: Scott Smith-Cooke

- Part of the nationwide State Health Insurance Program “SHIP” offering FREE assistance/counseling to people with Medicare eligibility.
- Only agency authorized by the California Department of Aging to provide Medicare counseling.
- Also provide counseling about Long Term Care Insurance.

HICAP
Health Insurance Counseling & Advocacy Program

Serving San Luis Obispo & Santa Barbara Counties
Funded by the Area Agency on Aging
www.CentralCoastSeniors.org
HICAP Provides
FREE and UNBIASED SERVICES

- HICAP doesn’t sell anything !!!
- No affiliation with agents, brokers, or insurance companies
- Counseling is confidential and available by appointment from volunteers like me

MEDICARE

- Federal Health Insurance Program for people who are U.S. citizens or have been legal residents for at least 5 years and are:
  - 65 and older - automatic if worked (or spouse worked) at least 40 quarters in Medicare-covered employment, or
  - Under 65 with certain disabilities, or
  - Any age and have End State Renal Disease (ESRD) requiring dialysis or kidney transplant

- “Parts” of Medicare:
  - Federal Medicare: Parts A & Part B
  - Part C – Medicare Advantage Plans sold by Insurance Co.
  - Part D – Prescription Drug Coverage sold by Insurance Co.
Original Medicare 2016

- **Part A – Hospital Services (No Premium)**
  - No premium for people with at least 40 quarters of Medicare work credits (you or spouse)
  - Deductible = $1,288 upon admission, then Medicare pays:
    - 100% hospital costs for 60 day benefit period
    - 100% post-hospital SNF (days 1-20) and home health care
  - Hospice Services

- **Part B – Medical (Premium $121.80/mo. in 2016)**
  - Annual deductible - $166
  - Medicare pays 80% for most doctors and outpatient services
  - Many preventive services are 100% covered

Enrolling in Original Medicare

- Automatically enrolled in Parts A & B at age 65 if already receiving Social Security Benefits

- To apply for Medicare:
  - call Social Security: 1-800-772-1213
  - make appointment at local Social Security office
  - apply on-line: www.ssa.gov (takes 5 minutes)

- Apply during Initial enrollment period – lasts 7 months
  - starts 3 months before the month you turn 65
  - ends 3 months after the month you turn 65
### Age 65 Still At Work-Defer Medicare B

- Most people enroll in **Part A** at age 65 since it is **FREE**.

- At age 65 and still actively working, you can avoid the **Part B** Premium by not enrolling in it, but **YOU MUST** be covered by an employer group plan (e.g. CalPERS)
  - **AFTER** your active employment ends (or beginning to FERP), then you **have 8 months to enroll in Part B**, with no penalty.

- **CAREFUL:** If you fail to enroll in Part B during this 8 month window:
  - Then, you can only enroll during a General Enrollment Period (Jan – Mar), which won’t be effective till July 1, **AND**
  - You will likely be assessed a **Late Enrollment Penalty** for each 12-month period you delayed Part B enrollment, **payable every year for rest of your life**.

### CalPERS Medicare Enrollment

**Rules for RETIREES ONLY**

- CalPERS requires **retired** employees and dependents to enroll in Medicare Parts A & B when Age 65

  - CalPERS sends a letter 4 months before your 65th birthday, telling you they want a form submitted, **Certification of Medicare Status**, that is required by the 1st of the month in which you turn 65.
  - Will be transferred from **CalPERS Basic** plan to a **CalPERS Medicare** health plan.

- **CAUTION! If Certification Form is not submitted, CalPERS health coverage for Retiree and dependents will be cancelled.**

Reference: **CalPERS Medicare Enrollment Guide**
Medicare Premiums - *Income-Related Monthly Adjustment Amounts (IRMAA)*

- Medicare premiums for higher income beneficiaries
  - Part B – monthly premium greater than standard $121.80
  - Part D – additional amount paid to Medicare

- Determined by Modified Adjusted Gross Income (MAGI)
  - as reported on your IRS tax return *from 2 years earlier*
  - calculated as the sum of:
    - adjusted gross income (AGI) (line 37 of the IRS 1040)
    - plus tax-exempt interest income (line 8b of IRS Form 1040)

- Amounts are calculated each year
  - when income goes down (or up), so does IRMAA

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**IRMAA**

*Income-Related Monthly Adjustment Amounts*

- Taken monthly out of Social Security check, or billed quarterly if not on Soc Sec
- Under current law threshold income amounts frozen through 2019
- IRMAA amounts:

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<tr>
<th>Income Thresholds</th>
<th>New Part B</th>
<th>Part D</th>
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<tbody>
<tr>
<td>Individual</td>
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<tr>
<td>Over $214,000</td>
<td>Over $428,000</td>
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**Married filing separately**

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<th>Income Thresholds</th>
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Medicare Part B Premium is REFUNDED via CalPERS Pension

- When you are retired and age 65+, CalPERS Medicare Health Plans have much lower premiums than when you were under Age 65.

- Thus, the State's Contribution that pays for your health benefits is often greater than Health Plan premiums.

- As a result, the excess State Contribution is put into your Pension up to the standard cost of Part B premium
  - It is automatic (including Part B premium for spouse, if 65+).
  - If IRMAA was assessed, submit request to CalPERS for it, too.

Changing from Basic to Medicare Health Plans

- You can change CalPERS health plans within 60 days of
  - Your retirement, and/or
  - Enrollment in Medicare by you, or your spouse

- You could select a CalPERS Medicare health plan that is with a different company than your current CalPERS Basic plan
  - If YOU don’t select a CalPERS Medicare health plan, CalPERS typically transfers you from your current Basic plan into that same company’s Medicare plan, if one exists.

- Any non-Medicare age dependent stays with Basic health plan while you are in CalPERS Medicare plan = same Co.
Still Have Questions?

- Individual Counseling appointments
- Community Education Presentations
- New-to-Medicare Seminars
- Become a HICAP Volunteer!

HICAP
528 South Broadway
Santa Maria, CA 93454
San Luis Obispo and Santa Barbara Counties
1-800-434-0222  805-928-5663

www.CentralCoastSeniors.org

Important Phone Numbers

- HICAP  800-434-0222 or  805-928-5663
- Senior Connection  800-510-2020
- Medicare  800-633-4227
- Soc Sec: 1-800-772-1213 (Nationwide)
  - San Luis Obispo: 855-207-4865
  - Santa Maria: 866-331-2316