Planning for future healthcare costs
Introductions

Campus - April 27

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Today’s Agenda

I. Overview of Caltech Retiree Health Program

II. Medicare Basics

III. How the Caltech Retiree Health Program and Medicare Work Together

IV. Resources

V. Questions?
Eligibility for Retirement from Caltech/JPL

Are at least 55 years of age and have 10 or more years of **continuous** service as a benefit-based employee immediately prior to retirement.

Or, you are eligible to retire from Caltech if you:

- Are at least 55 years of age, and;
- Have more than 20 years of total service as a benefit-based employee, **and**;
- Have a minimum of 12 months of benefit based service immediately prior to retirement.
Caltech Retiree Health Program - Overview

Caltech Retiree Healthcare Benefits, Simplified

- Retirees receive a Defined Dollar Credit based on years of service and Medicare eligibility.
- Retirees receive a Defined Dollar Credit for spouse, if married at retirement date.
- The Defined Dollar Credit can be used to purchase a Caltech medical plan and/or dental and vision benefits,
- OR, you can enroll in the Health Reimbursement Account and the Defined Dollar Credit can be used to purchase an outside plan or can be used for other eligible expenses.
- To be on a Caltech medical plan, you must be enrolled in Medicare Part A and Medicare Part B, if you are Medicare eligible.
Turning 65 - if you are working and covered by Caltech benefits, there is nothing you need to do.

- There is no requirement to enroll in Medicare while you are still working and covered by Caltech benefits.
- No penalty for waiting to enroll in Medicare Part B for you or your covered spouse.

- Do not enroll in Medicare if you wish to contribute to a Health Savings Plan.
  - Note that if you are over age 65 when you retire, your Part A coverage will be retroactively effective 6 months prior to your retirement date. This may impact an HSA you have already contributed to during the past 6 months.
Medicare is a federally funded health insurance program established in 1965. It includes Part A and Part B (known as Original Medicare) and is administered by the Centers for Medicare & Medicaid Services (CMS).

**Medicare beneficiaries include:**

- People 65 or older if they or their spouse are eligible for Social Security
- People under 65 who are disabled
  - Must be eligible for Social Security disability
  - Requires a 2-year waiting period
- People of any age with end-stage renal (kidney) disease (ESRD)
  - Permanent kidney failure that requires dialysis
  - Needing a kidney transplant
  - Anyone receiving a diagnosis amyotrophic laterals sclerosis (ALS).
Here are some ways you can get Medicare coverage:

- You can obtain Medicare Part A and Part B alone, which allows you to receive services directly through physicians that accept Medicare. (Original Medicare is Part A + Part B)
- You can supplement Part A and Part B by enrolling in a MediGap Plan at an additional premium. MediGap is also known as a Medicare Supplemental Plan.
- You can sign up for a Medicare Advantage Plan, known as Medicare Part C, through private insurance companies. (Pharmacy services (Part D) are included in Caltech Retiree Health programs and you don’t need to purchase a separate Part D plan)
Medicare: Four parts

Part A: Inpatient coverage
Part B: Outpatient coverage
Part C: Medicare Advantage
Part D: Prescription drug coverage
Medicare Part A is hospital insurance that covers:

- Inpatient hospital care
- Skilled nursing facility care
- Hospice care
- Home Health care

What does it cost?

- No premium if you or your spouse has worked for at least 10 years and paid Medicare taxes
- If you worked fewer than 10 years, there is a monthly premium up to $413, which is set by a Medicare formula
Medicare Part B: Coverage

Medicare Part B is medical insurance that covers:

- Doctor and other health care provider services
- Outpatient care
- Lab
- Radiology
- Durable medical equipment
- Dialysis
- Some preventive care services
Additional payment and cost information

Your monthly premium is usually deducted from your Social Security check.

Late enrollment penalty:

- Premium goes up 10% for each 12-month period that you decline coverage past the date you become eligible for Medicare (e.g. age 65)
- Not a one-time penalty, **but continues throughout enrollment**
- **Not imposed if you continue to work for — and get your health coverage as an actively employee from an employer**
  - COBRA coverage is **not** considered active employer coverage
### Medicare Part B: Premiums

<table>
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<th>If your yearly income in 2015 (for what you pay in 2017) was</th>
<th>File individual tax return</th>
<th>File joint tax return</th>
<th>File married &amp; separate tax return</th>
<th>You pay each month (in 2017)</th>
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<td>$170,000 or less</td>
<td>$85,000 or less</td>
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<td>above $85,000 and up to $129,000</td>
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<td>$348.30</td>
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<tr>
<td>above $214,000</td>
<td>above $428,000</td>
<td>above $129,000</td>
<td></td>
<td>$428.60</td>
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Initial Enrollment Period

For Medicare Part A

- If you’re already getting benefits from Social Security, you’ll be automatically enrolled starting the first day of the month you turn 65.
- If you are actively working and have an HSA, do not enroll in part A

For Medicare Part B

- Contact Social Security.
- You can enroll over a 7-month period, which starts 3 months before your 65th birthday, known as the Initial Enrollment Period.
- If you retire after age 65, contact SS prior to retirement to get your part B month of retirement.
- Enroll online at socialsecurity.gov.
General Enrollment Period

If you don’t sign up for Part A and Part B when you’re first eligible, you can sign up between January 1 and March 31 each year, for a July 1 effective date.

**Note:** Completing the application form and submitting it doesn’t automatically enroll you in Medicare Part B. Social Security must first determine if you’re eligible.
Special Enrollment Period

- If your employer’s group medical coverage ends, there is a special enrollment period for those over 65.

- You will need a letter/form completed by the employer which shows you have been covered under their medical, to avoid a penalty.

- There are special rules for the period 90 days following your 65th birthday.
Caltech Retiree Health Benefits, Simplified - How the plans work together

- You must be enrolled in Medicare Part A and Medicare Part B, if you are Medicare eligible.
- You must be enrolled in Part A and Part B as of the first of the month following your last day of employment.
- Caltech Benefits provides documentation to attest that you have had medical coverage as an active employee. This avoids any penalty.
- Work with Caltech Benefits before enrolling in Medicare Part B.
Medicare Part C, Medicare Advantage, covers:

- All the services Original Medicare covers*
- With most plans, medical benefits and services in addition to Original Medicare
- Services under a network of providers that you must use for care
- Different types of Medicare Advantage plans, for example:
  - Health maintenance organization (HMO) plans
  - Preferred provider organization (PPO) plans

Payment and costs:

- Medicare pays an amount for your coverage each month to these private health plans.
- Some plans have additional monthly premiums; in many plans, you pay a copay for covered services.
- If you choose an out-of-network provider, you’ll be financially responsible, except in the case of an emergency or urgent care.

*Except care for some clinical research and hospice care (Original Medicare covers hospice care even if you're in a Medicare Advantage Plan).
Part D covers outpatient prescription drugs.

- You have options for enrolling in Part D:
  - A Medicare Advantage plan that includes Part D prescription drug coverage.
  - A stand-alone Prescription Drug Plan that offers prescription drug coverage only.

Late enrollment penalty
- As with Part B, you must sign up for Part D coverage as soon as you’re eligible or you’ll be charged a penalty.
- The penalty is 1 percent of that year’s Part D base premium per month that you do not maintain creditable coverage.
- Unlike with Parts A and B, you sign up for Part D directly with your plan. Part D is not directly offered by Medicare or Social Security.
All Caltech retiree medical plans include prescription coverage.

- Do not purchase separate Medicare Part D coverage.
- Your basic prescription coverage is included in the Medical premiums quoted.
  - Individuals earning more than the $85,001 (single) or $170,001 (married) are required to pay an additional fee for Part D coverage.
- If you are not enrolled in Part D, you will receive a statement of “Creditable Coverage” annually.
  - You should retain this information for your records to demonstrate that you have had acceptable coverage.
  - If you are unable to demonstrate you have had Creditable Coverage, you may be penalized by Medicare with life-long higher premiums.
What does it cost?
The Part D higher-income premium is in addition to the annual Part B premium adjustment and is determined according to formulas set by federal law.

### 2017 Medicare Monthly Premium Adjustment

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<th>If your filing status and yearly income in 2015 was</th>
<th>You pay (in 2017)</th>
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<td>$85,000 or less</td>
<td>your plan premium</td>
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<tr>
<td>above $85,000 up to $107,000</td>
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<td>above $170,000 up to $214,000</td>
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<td>above $320,000 up to $428,000</td>
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<td>above $428,000</td>
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<td>above $160,000 up to $214,000</td>
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<td>above $85,000 or less</td>
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<td>above $170,000 or less</td>
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<tr>
<td>above $214,000 or less</td>
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<tr>
<td>above $129,000</td>
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</tbody>
</table>

| **File joint tax return**                        |                   |
| $170,000 or less                                 |                   |
| above $170,000 or less                           |                   |
| above $214,000 or less                           |                   |
| above $320,000 or less                           |                   |
| above $428,000 or less                           |                   |
| above $129,000 or less                           |                   |

| **File married & separate tax return**           |                   |
| $85,000 or less                                 |                   |
| not applicable                                  |                   |
| not applicable                                  |                   |
| $55.20 + your plan premium                      |                   |
| $76.20 + your plan premium                      |                   |
Medicare Advantage Plans

- Most Caltech retiree medical plans are Medicare Advantage Plans.

Caltech’s Traditional Choice Plan

- This plan cannot legally be called a Medicare Medigap Plan (or Supplement), but works similarly.
Where can I get more information on Caltech retiree medical plans?

Google search: Caltech Retiree Benefits

Plan Details, then 2017 Retiree Enrollment Guide
Reference Document-
Search on: 2017 Caltech Retiree Enrollment Guide
The information contained in this presentation is intended as a general summary and does not describe all the details of Caltech’s benefit plans. Please refer to the Caltech Benefits Handbook and other posted documents for terms and conditions of coverage. In cases of discrepancies, the official policies and benefits plans shall prevail.

Caltech expects to continue its benefit program but reserves the right to change, suspend or terminate it, in whole or in part, at any time and for any reason.

Information about Medicare and Social Security is presented for the listener’s convenience only. Individuals should contact these offices about their own situations. Neither the JPL/Caltech Benefits Office nor Kaiser can represent these offices.