

	LOS ANGELES COMMUNITY COLLEGES HUMAN RESOURCES GUIDE	HR P-371
		RETIREE HEALTH BENEFITS
ISSUE DATE: September 13, 2007	SERVICE: <input checked="" type="checkbox"/> ACADEMIC <input checked="" type="checkbox"/> CLASSIFIED <input type="checkbox"/> UNCLASSIFIED	
REPLACES: <u>Legacy Personnel Guides:</u>	CHANGES: New	

I. POLICY

It is the policy of the District to assist eligible employees with continuing their health benefits as specified in Board of Trustees Rules and collective bargaining agreements.

II. DEFINITIONS

- **Health Benefit Coverage** as used for retiree benefit purposes includes coverage in the District's group medical and/or dental plans.
- **Premium** is the periodic payment to an insurance company, a health care plan, a dental plan, or Medicare for coverage.
- **Qualifying Position** as used for retiree benefit purposes is a position described in a collective bargaining agreement or Board of Trustees rule as being eligible for health benefits.
- **Vested or Vesting** is the right to specified retirement benefits granted to eligible employees after a fixed period of qualifying employment. For Health Benefits purposes, the rules are governed by collective bargaining and Board of Trustee rules. LACCD vesting rights for health benefits are determined separately from those of CalSTRS and CalPERS for pension.

III. REQUIREMENTS

A. To be eligible for retiree health benefits employees must:

1. Resign from the District. See HR Guide P-310, Resignation, for details
2. Retire from their retirement system one day after the date of resignation from the District. See HR Guide P-370, Retirement, for details.
3. Obtain an [Application for Retiree Health Benefits](#) from Health Insurance Section, District Office, complete the form and submit it, along with a copy of the retirement system award letter and, if eligible, a copy of Medicare card(s) to the LACCD Benefit Service Center (BSC) within 30 days prior to their resignation date. To avoid a break in coverage, this material should accompany the Application for Retiree Health Benefits.

B. Retiree Health Benefit Coverage

1. **Eligibility:** Health benefits continue for eligible retired employees in accordance with Board [Rule 101701, Health Benefits for Retirees, Their Dependents and Survivors](#), and collective bargaining provisions.

- a. The District's health benefit plans are available to active employees who retire under the rules of the California Public Employee Retirement System (CalPERS) or California State Teachers Retirement System (CalSTRS), and receive a retirement allowance from that system, and have provided uninterrupted District service in a qualifying position as shown in Table P-371A, Service Requirement for Retiree Health Benefits Summary, below.

TABLE P-371A SERVICE REQUIREMENT FOR RETIREE HEALTH BENEFITS SUMMARY ¹			
QUALIFYING EMPLOYMENT BEGAN	YEARS OF SERVICE RENDERED	DISTRICT CONTRIBUTION TOWARDS PREMIUM	REQUIREMENT
Before February 11, 1992	3 or More	100%	Must render continuous paid service immediately preceding retirement.
Before July 1, 1998	7 or More	100%	Must render continuous paid service immediately preceding retirement.
On or After July 1, 1998	At Least 10, but less than 15	50%	Must be continuous paid service immediately preceding retirement; provided however, the employee received District paid benefits each month during the 39 months immediately preceding his or her retirement.
On or After July 1, 1998	At Least 15, but less than 20	75%	Must be continuous paid service immediately preceding retirement; provided however, the employee received District paid benefits each month during the 39 months immediately preceding his or her retirement
On or After July 1, 1998	20 or More	100%	Must be continuous paid service immediately preceding retirement; provided however, the employee received District paid benefits each month during the 39 months immediately preceding his or her retirement

¹ For complete service requirements that may be applicable, see Board Rule 101701 (Unrepresented Employees) or the appropriate collective bargaining agreement (Represented Employees)

- b. A vested active employee is deemed to be eligible for retiree health benefits if the effective date of his/her retirement from CalPERS or CalSTRS is no later than the day after his/her resignation from District employment.

2. Enrollment

- a. **Initial Enrollment:** Continuance of health benefit coverage is not automatic. Employees are responsible for submitting the documents listed in Table P-371B, Documents Required for Retiree Health Benefit Enrollment, below, to the LACCD Benefit Service Center by the first day of the month following resignation. **Failure to do so results in cancellation of coverage.**

- c. The District will acknowledge receipt of verification of Medicare enrollment upon a retiree's request.

TABLE P-371C LACCD <u>MEDICARE</u> REQUIREMENTS				
MEDICARE PART	DESCRIPTION	REQUIRED	REQUIREMENT	WHEN TO ENROLL
A ¹	Hospital Benefits	Yes ^{2,3}	<ul style="list-style-type: none"> Retirees age 65 and older who (a) chose to begin payment of Medicare tax in the Medicare Division (election) of June 14, 2001, and, (b) retire after end date of the CalSTRS Medicare premium payment or are otherwise ineligible for said program, and (c) do not earn sufficient service credits to qualify for premium-free Part A, are not required to enroll in Part A. Retirees age 65 and older who chose <u>not</u> to begin payment of Medicare tax in the Medicare Division (election) of June 14, 2001 must obtain and maintain coverage under Part A with no District contribution, unless the retiree was 58 or older on June 14, 2001. All dependents and survivors must obtain and maintain coverage under Part A, with no District contribution, in order to remain eligible for the District's medical plan. 	<ul style="list-style-type: none"> If age 65 or older, <u>before</u> retirement in order for coverage to start on first day of month following retirement. If age 64, upon receipt of letter from the Health Insurance Section, District Office.
B	Medical Benefits	Yes	Every person must apply for, obtain and maintain Part B coverage at his/her own expense.	<u>Before</u> retirement in order that coverage can start on the first day of the month following retirement.
D	Prescription Drugs	Should Not be done. ⁴	<ul style="list-style-type: none"> Retirees, eligible dependents, and survivors over the age of 65 <u>shall not</u> enroll as individuals. Individuals enrolling in Part D when not required to by the District are responsible for paying the entire Part D premium. 	

¹ Eligibility for premium-free part A coverage Part A coverage is determined by the Social Security Administration (SSA).
² STRS members who are not eligible for premium-free Medicare Part A through their work record or that of a spouse may qualify for the STRS Medicare Program.
³ PERS members who are not eligible for premium-free Medicare part A through their work record or that of a spouse should contact the District's Health Insurance Section.
⁴ Kaiser-Permanente automatically enrolls LACCD retirees age 65 or older Medicare Part D at no cost to the member. The member is, however, required to assign the Medicare Part D benefit to the carrier.

4. **LACCD Medicare Election / CalSTRS Retirees:** CalSTRS provides Medicare Part A coverage for certain CalSTRS members who retire prior to July 1, 2012 as determined by the CalSTRS Medicare Premium Payment Program implemented in 2001. This program provides Medicare Part A coverage to its members at no cost to districts when the employee pays a small Medicare tax on wages. Table P-371D, CalSTRS / LACCD Medicare Election Summary, below, identifies basic eligibility criteria, age grouping, and options. The following summarizes LACCD's Medicare Election results for the 787 participants who were exempt from Medicare tax.

- a. 223 designated LACCD CalSTRS members must present proof of Medicare A enrollment as a retiree age 65 or more in order to continue retiree health coverage. These individuals are deemed eligible for Medicare A because they were under age 58 on June 14, 2001 and had the opportunity to choose "Yes, deduct Medicare tax" and "No, do not deduct Medicare tax". Most of these individuals are eligible for Premium Free Medicare

A due to OASDI employment or a spouse. A few may not and will have to purchase Medicare A out of pocket.

- b. 564 designated LACCD [CalSTRS](#) members are eligible for STRS Medicare A. To do so, they must apply to Social Security Administration (SSA) for Medicare A. One of two actions occur:
- **SSA Approves Medicare Part A:** The LACCD CalSTRS member must present proof of enrollment to Health Insurance Section, District Office.
 - **SSA Denies Medicare Part A:** The LACCD CalSTRS member must request to purchase Medicare Part A and present the bill along with a completed *CalSTRS Medicare Payment Authorization* form to CalSTRS. With the verified denial, CalSTRS will verify the member's name is on the approved continuing plan for retirees in the year the member retires. The retiree must enroll in the STRS-paid Medicare A Plan and present evidence of the enrollment to the Health Insurance Section, District Office.

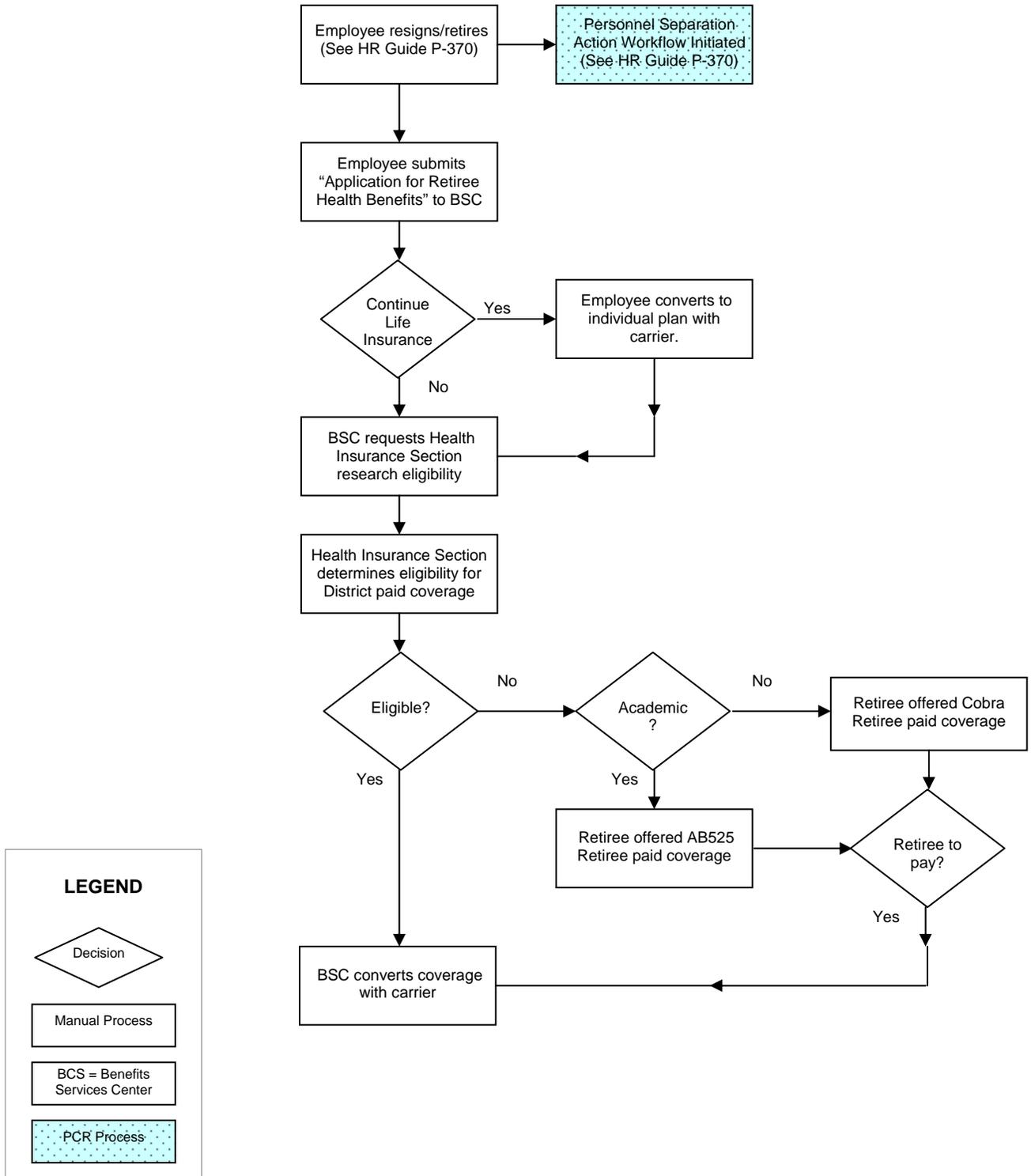
If, however, CalSTRS suspends its plan during the year the member retires, the retiree must present evidence of the suspension by CALSTRS of the retiree year to the Health Insurance Section, District Office. In this instance, the employee is not required to be enrolled in Medicare Part A.

- c. The detailed list of LACCD [CalSTRS](#) members and the Medicare option available to them is on file in CalSTRS and the District Office (Health Insurance Section and Human Resources).
- d. [CalSTRS](#) members not exempt from Medicare tax who did not participate in the Medicare Election generally have sufficient Medicare-taxed employment in order to qualify for premium-free Medicare A coverage. If not, they may still qualify as in paragraph b. above.

TABLE P-371D CALSTRS / LACCD MEDICARE ELECTION SUMMARY ¹		
<i>Note: Coverage provided only those LACCD CalSTRS retirees who retire before June 30, 2012 and who are age 58 or older, or if younger than 58 on January 14, 2001, who chose "yes" in the election. Individuals who were younger than 58 on June 14, 2001 who chose "no" or who are marked as "no response" are <u>not</u> eligible for coverage.</i>		
CALSTRS ELIGIBILITY CRITERIA ²	MEMBER AGE ON JUNE 14, 2001	OPTIONS
<ul style="list-style-type: none"> • Be retired or disabled CalSTRS member receiving a monthly benefit; • Be age 65 or more; • Not eligible for premium-free Medicare Part A; • Be enrolled in Medicare Part A and Part B; <u>and</u> <ul style="list-style-type: none"> (a) Either retired prior to January 1, 2001, or (b) Have retired from a district that held a Medicare Election if the retirement date is between January 1, 2001 and June 30, 2001. 	58 or older	CalSTRS pays Medicare Part A premium if retiree is not eligible for premium-free Part A coverage.
	Under 58	<ul style="list-style-type: none"> • Chose "yes" to begin paying Medicare tax, CalSTRS pays Medicare Part A premium if as a retiree at age 65 the member is not eligible for premium-free Part A coverage. • Chose "no" or did not respond and remained exempt from Medicare tax, the member is deemed eligible for premium-free Part A coverage.³
¹ LACCD held its Medicare election on June 14, 2001. ² CalSTRS members who started with the LACCD prior to April 1986 were exempt from Medicare tax and were automatically included in the group covered by the Medicare Election of June 14, 2001. ³ In this instance, LACCD requires, without exception, retirees age 65 and over to have Medicare Part A coverage. CalSTRS will not pay the Part A premium under any circumstances. Persons in this category are presumed eligible for premium-free Part A coverage and, if not eligible through Social Security, must purchase their own Part A coverage out-of-pocket.		

5. **Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA):** Federal law requires the District to offer continuation coverage to all terminating employees covered under the District's group health plan. Consequently, the COBRA notice is sent to employees who may be eligible for and who have applied for the District's retiree health benefit coverage. Employees in the later situation should be advised to disregard the COBRA notice.
6. **AB528 Continuation Coverage:** State statute requires California schools and community college districts to allow academic (certificated) employees who lose their eligibility to continue health/dental care coverage upon retirement to enroll in health/dental plans provided to current employees by paying the full cost of premiums. Some restrictions may apply. Employees desiring information on this program are to be directed to the LACCD Health Insurance Section for assistance.
7. **Life Insurance Policy**
 - a. Health Insurance Section, District Office notifies the District's group life insurance carrier that an employee has resigned and the effective date of the employee's resignation. Termination of the group coverage goes into effect the 1st day of the month after the employee's resignation date.
 - b. Employees may convert the District-paid life insurance to an individual policy within 31 days after the effective date of their resignation. Upon conversion to an individual policy, the employee becomes responsible for all premiums. Late conversions are not permitted.
 - c. Employees converting to an individual policy from the District's group policy are not required to submit evidence of insurability. The conversion process is initiated by the insurance carrier. Various options are available. Employees who do not hear from the insurance carrier within 30 days of their retirement are to contact the LACCD Health Insurance Section directly.
8. **Retired Employee Responsibilities:** *Retirees and survivors (or in the event of his/her incapacity, the retiree's or survivor's representative) are responsible for reporting by telephone, e-mail, or written correspondence any event or change of circumstance that has an effect on the administration of coverage under the Health Benefits Program. Such events or changes include, but are not limited to the following:*
 - Change of Address or Telephone Number
 - Marriage
 - Divorce
 - Dependent's Loss of Eligibility
 - Death of the Retiree
 - Death of a Dependent
 - Acceptance of employment in a position covered by CalPERS or CalSTRS
 - Mandatory re-enrollment during each annual enrollment period

**FIGURE P-371
RETIREMENT HEALTH BENEFITS PROCESSING WORKFLOW**



IV. ADDITIONAL SOURCES

CALIFORNIA EDUCATIONAL CODE

7000 – 7008 Continuation Coverage (AB 528)

LACCD BOARD RULES

Chapter X, Human Resources

Article XV11 Hospital-Medical, Dental, Vision, Group Coverage, Group Life Insurance Coverage, and the District's Employee Assistance Program

LACCD HUMAN RESOURCE GUIDE

HR P-310 Resignation

HR P-370 Retirement

LACCD COLLECTIVE BARGAINING AGREEMENTS

AFT Faculty Guild Local 1521:

Article 20, Resignation

Article 22, Retirement

Article 27, Master Benefits Agreement

AFT Faculty Guild Local 1521A: Article 21, Health and Welfare – Master Benefit Agreement

Building Trades Council: Article 16, Health & Welfare

School Employees Union, SEIU Local 99: Article 17, Health & Welfare Benefits

Supervisory Union SEIU Local 721 (Formerly 347): Article 16, Health & Welfare

Teamsters Local 911: Appendix C, Master Benefits Agreement

RETIREMENT SYSTEMS

California Public Employee Retirement System (CalPERS)

California State Teacher's Retirement System (CalSTRS)

Public Agency Retirement System (PARS)

Social Security Administration (SSA)

AGENCIES / SERVICE PROVIDERS

COBRA, U.S. Department of Labor

Kaiser Permanente Senior Advantage

Medicare, U.S. Department of Health & Human Services