



# Burnham

well beyond benefits™

Ventura County Community  
College District

## **Joint Meeting: Retiree Benefits Options**

Preliminary Retiree Analysis

*October 4, 2018*





## Insurance Committee Meeting

1. School Pool Eligibility Rules
  - Retirees
2. How Claims are Covered
  - Medicare/Anthem
3. Enrollment Breakdown
  - Total Population
  - Medicare Eligible
4. Medicare Premium
  - Parts A & B Calculation
5. Anthem Retiree Plan
  - Options
  - Total Cost with Medicare Premium
  - Impact to Actives & <65
6. Next Steps

# School Pool Eligibility Rules - Retirees



	CalPERS	SISC	CVT	CSEBA	VEBA
<b>Retirees &amp; Medicare</b>	Required to enroll in Medicare Parts A & B, unless ineligible for free Part A.	Required to enroll in Medicare Parts A & B, otherwise pay a penalty for non-enrollment.	Required to enroll in Medicare Parts A & B. Failure to obtain both Medicare Parts A and B will result in the disqualification from eligibility to participate in CVT health plans.	Required to enroll in Medicare Parts A & B.	Required to enroll in Medicare Parts A & B.

# How Claims are Covered - Medicare/Anthem



## EXAMPLE

When Enrolled in Medicare Part A

**In-patient Hospital:** **\$163,563.96 billed by Hospital**

**Medicare A:**

**\$ 124,623.49 Discount/Savings**

**\$ 38,940.47 Medicare Allowed Amount**

**\$ 37,624.47 is paid by Medicare**

**\$ 1,316.00 Part A Deductible owed**

**Anthem:**

**\$ 1,316.00 is then paid by Anthem**

**Member = 100% coverage - owes nothing**

*Provided by Anthem 11-16-2017*

# How Claims are Covered - Medicare/Anthem



## EXAMPLE

When Enrolled in Medicare Part B

**Office Visit:** \$ 342.00 billed by Physician's Office

**Medicare B:** \$ 225.45 Discount/Savings  
\$ 116.55 Medicare Allowed Amount  
\$ 225.45 Discount/Savings  
\$ 93.24 is paid by Medicare (80%)  
\$ 23.31

**Anthem:** \$ 23.31 is then paid by Anthem

**Member = 100% coverage - owes nothing**

*Provided by Anthem 11-16-2017*

# Enrollment Breakdown - Total Population



FACULTY	# ENROLLED
<b>Anthem Blue Cross PPO</b>	
Active Employees	341
Retirees Under Age 65	19
<b>Retirees Over Age 65</b>	
<i>With Medicare A&amp;B</i>	161
<i>With Medicare A Only</i>	80
<i>With No Medicare</i>	16
<b>TOTAL Retirees Over Age 65</b>	<b>257</b>
<b>Dependents Over Age 65</b>	
<i>With Medicare A&amp;B</i>	114
<i>With Medicare A Only</i>	39
<i>With No Medicare</i>	4
<b>TOTAL Dependents Over Age 65</b>	<b>157</b>

ASCC	# ENROLLED
<b>Anthem Blue Cross PPO</b>	
Active Admin & Mgmt	47
Active Classified	289
Retirees Under Age 65	60
<b>Retirees Over Age 65</b>	
<i>With Medicare A&amp;B</i>	227
<i>With Medicare A Only</i>	58
<i>With No Medicare</i>	3
<b>TOTAL Retirees Over Age 65</b>	<b>288</b>
<b>Dependents Over Age 65</b>	
<i>With Medicare A&amp;B</i>	130
<i>With Medicare A Only</i>	29
<i>With No Medicare</i>	1
<b>TOTAL Retirees Over Age 65</b>	<b>160</b>

# Enrollment Breakdown – Medicare Eligible



		With Part A&B	With Part A	With No Medicare
<b>Faculty/MGMT</b>	<b>414</b>	275	119	20
Retirees	257	161	80	16
Dependents	157	114	39	4

		With Part A&B	With Part A	With No Medicare
<b>ASCC</b>	<b>448</b>	357	87	4
Retirees	288	227	58	3
Dependents	160	130	29	1

# Medicare Premium - Part A



## From Medicare.gov

### Part A premiums

If you buy Part A, you'll pay up to **\$422 each month in 2018**. If you paid Medicare taxes for less than 30 quarters, the standard Part A premium is \$422. If you paid Medicare taxes for 30-39 quarters, the standard Part A premium is \$232.

### Part A Late Enrollment Penalty

If you aren't eligible for premium-free Part A, and you don't buy it when you're first eligible, your monthly **premium may go up 10%**. You'll have to pay the higher premium for twice the number of years you could have had Part A, but didn't sign up.

### Example Calculation - Part A Late Enrollment Penalty

If you were eligible for Part A for 2 years but didn't sign up, you'll have to pay the higher premium for 4 years  $\$422 + (\$422 * 10\%) = \mathbf{\$464.20}$  each month. Usually, you don't have to pay a penalty if you meet certain conditions that allow you to sign up for Part A during a special enrollment period.



# Medicare Premium - Part B



From Medicare.gov

If your yearly income in 2016 (for what you pay in 2018) was			You pay each month (in 2018)
File individual tax return	File joint tax return	File married & separate tax return	
\$85,000 or less	\$170,000 or less	\$85,000 or less	\$134
above \$85,000 up to \$107,000	above \$170,000 up to \$214,000	Not applicable	\$187.50
above \$107,000 up to \$133,500	above \$214,000 up to \$267,000	Not applicable	\$267.90
above \$133,500 up to \$160,000	above \$267,000 up to \$320,000	Not applicable	\$348.30
above \$160,000	above \$320,000	above \$85,000	\$428.60

## Part B Late Enrollment Penalty

In most cases, if you don't sign up for Part B when you're first eligible, you'll have to pay a **late enrollment penalty**. You'll have to pay this penalty for as long as you have Part B. Your monthly premium for Part B may go up **10% for each full 12-month period that you could have had Part B**, but didn't sign up for it. Also, you may have to wait until the General Enrollment Period (from January 1 to March 31) to enroll in Part B. Coverage will start July 1 of that year.

Usually, you **don't pay a late enrollment penalty if you meet certain conditions** that allow you to sign up for Part B during a Special Enrollment Period.

# Medicare Premium - Part B



## Example Calculation - Part B Late Enrollment Penalty

**Retirement Date = 12/1/2011**

**Age as of Retirement Date = 68**

**8 Months After Retirement Date or Last Month Eligible to Enroll Without Penalty = 7/1/2012**

**Current Income = Under \$85k**

**Medicare Part B Enrollment Effective Date = 7/1/2019**

**Number of Months Since First Eligible = 84 Months**

**Number of 12 month Periods Since First Eligible = 7**

**Part B Penalty Percentage = 70%**

**Part B Premium =  $\$134 * 1.7 = \$227.80$**

# Medicare Premium - Parts A & B Calculation



	With Part A	With No Medicare
<b>Faculty/MGMT</b>	119	20
Retirees	80	16
Dependents	39	4
	With Part A	With No Medicare
<b>ASCC</b>	87	4
Retirees	58	3
Dependents	29	1
	<b>w/No Penalties</b>	<b>w/Penalties</b>
Premium to Add Part B (Low)	\$369,840	\$684,204
Premium to Add Part B (Mid)	\$739,404	\$1,367,897
Premium to Add Part B (High)	\$1,182,936	\$2,188,432
Premium to Add Part A	N/A	\$121,536
		\$133,690
	<b>w/No Penalties</b>	<b>w/Penalties</b>
<b>TOTAL MEDICARE PREMIUM (Low)</b>	\$491,376	\$817,894
<b>TOTAL MEDICARE PREMIUM (Mid)</b>	\$860,940	\$1,501,587
<b>TOTAL MEDICARE PREMIUM (High)</b>	\$1,304,472	\$2,322,121

# Anthem Retiree Plan - Options



## Plan & Rate Comparison

	Anthem PPO ASCC	Anthem Retiree ASCC	CalPERS Anthem Retiree	SISC Anthem Retiree
Deductible (individual / family)	\$200 / \$600	\$200	\$0	\$0
Out of pocket max (individual / family)	\$1,700 / \$5,100	\$1,500	\$1,500	N/A
Office visit copay (PCP / specialist)	\$20	\$0	\$10	\$0
Inpatient hospitalization	No Charge	100%	100%	100%
Prescription drugs	\$100 Ded, \$10 / \$30 / \$50	\$100 Ded, \$10 / \$30 / \$50	\$5 / \$20 / \$50	\$9 / \$35
Rates	<b>\$1,743.44</b>	<b>\$513.24</b>	<b>\$357.44</b>	<b>\$386.00</b>

## Plan & Rate Comparison

	Anthem PPO Faculty	Anthem Retiree Faculty	CalPERS Anthem Retiree	SISC Anthem Retiree
Deductible (individual / family)	\$200 / \$600	\$200	\$0	\$0
Out of pocket max (individual / family)	\$1,500 / \$4,500	\$1,500	\$1,500	N/A
Office visit copay (PCP / specialist)	80%	\$0	\$10	\$0
Inpatient hospitalization	No Charge	100%	100%	100%
Prescription drugs	\$50 Ded, \$10 / \$30	\$50 Ded, \$10 / \$30	\$5 / \$20 / \$50	\$9 / \$35
Rates	<b>\$2,008.74</b>	<b>\$556.44</b>	<b>\$357.44</b>	<b>\$386.00</b>

# Anthem Retiree Plan - Medicare Premium



		With Part A&B	With Part A	With No Medicare
<b>Faculty/MGMT</b>	<b>414</b>	275	119	20
Retirees	257	161	80	16
Dependents	157	114	39	4

		With Part A&B	With Part A	With No Medicare
<b>ASCC</b>	<b>448</b>	357	87	4
Retirees	288	227	58	3
Dependents	160	130	29	1

## CURRENT ANTHEM TOTAL PREMIUM

\$11,535,951.24

## Anthem Retiree Plan Premium

\$5,523,572.16

w/TOTAL MEDICARE PREMIUM (Low)  
w/TOTAL MEDICARE PREMIUM (Mid)  
w/TOTAL MEDICARE PREMIUM (High)

\$6,014,948.16  
\$6,384,512.16  
\$6,828,044.16

w/No Penalties  
(\$5,521,003.08)  
(\$5,151,439.08)  
(\$4,707,907.08)

w/TOTAL MEDICARE PREMIUM (Low)  
w/TOTAL MEDICARE PREMIUM (Mid)  
w/TOTAL MEDICARE PREMIUM (High)

\$6,341,465.76  
\$7,025,159.16  
\$7,845,693.36

w/ Penalties  
(\$5,194,485.48)  
(\$4,510,792.08)  
(\$3,690,257.88)

\*A cost not included in the above, is the Medicare premium for those who already have A&B

# Anthem Retiree Plan - Impact to Actives



How would the **Active** and **Under Age 65 Retiree** rates be impacted?

		Anthem	
		Current	Option
<b>Combined monthly premium</b>		\$1,413,549	\$1,543,566
<b>Combined annual premium</b>		\$16,962,584	\$18,522,795
<b>Annual relationship to current \$</b>			<b>\$1,560,211</b>
<b>Relationship to current %</b>			<b>9.2%</b>
<b>Total medical enrollment</b>		756	
<b>Anthem PPO ASCC</b>		<b>Anthem PPO ASCC</b>	
Deductible (individual / family)		\$200 / \$600	
Out of pocket max (individual / family)		\$1,700 / \$5,100	
Office visit copay (PCP / specialist)		\$20	
Inpatient hospitalization		No Charge	
Prescription drugs		\$100 Ded, \$10 / \$30 / \$50	
Active Admin & Mgmt	47	\$1,743.44	\$1,884.64
Active Classified	289	\$1,743.44	\$1,884.64
Retirees Under Age 65	60	\$1,743.44	\$1,884.64
<b>Monthly premium</b>	<b>396</b>	<b>\$690,402</b>	<b>\$746,317</b>
<b>Annual relationship to current \$</b>			<b>\$670,982</b>
<b>Relationship to current %</b>			<b>8.1%</b>
<b>Anthem PPO Faculty</b>		<b>Anthem PPO Faculty</b>	
Deductible (individual / family)		\$200 / \$600	
Out of pocket max (individual / family)		\$1,500 / \$4,500	
Office visit copay (PCP / specialist)		80%	
Inpatient hospitalization		No Charge	
Prescription drugs		\$50 Ded, \$10 / \$30	
Active Faculty	341	\$2,008.74	\$2,214.58
Retirees Under Age 65	19	\$2,008.74	\$2,214.58
<b>Monthly premium</b>	<b>360</b>	<b>\$723,146</b>	<b>\$797,249</b>
<b>Annual relationship to current \$</b>			<b>\$889,229</b>
<b>Relationship to current %</b>			<b>10.2%</b>

# Next Steps



1. Determine if Late Enrollment Penalties Apply
  - a) Finalize Medicare Premium Calculation
2. Request Medicare Specialist attend November committee meeting
  - a) Provide Strategy & Timeline
  - b) Q&A for committee members
3. Market Retiree Group Plans? Active Plans?