

CORRECTION

Tom Strand, FODARA Benefits Representative
September 25, 2015

Due to the late publication of CalPERS health care plan changes and rates for plan year 2016, this notice is necessary to correct the errors of fact that appeared in the September 2015 After-Words Benefits article. The errors are:

- (1) all of the full CalPERS monthly premiums quoted in the article are incorrect;
- (2) CalPERS no longer offers the following HMO plans to Medicare retirees: Blue Shield Access+/NetValue HMO, Anthem Select/Traditional HMO, Sharp HMO, Health Net SmartCare/Salud Y Mas HMO, and UnitedHealthcare SignatureValue™ Alliance HMO Plan, and
- (3) the UHC Medical Advantage plan for Medicare retirees, listed originally as an HMO plan, is actually a PPO plan.

This correction updates and expands the original After-Words article to address health benefits for additional groups retiree cohorts, namely, pre-'97 retirees not on Medicare, all post-'97 retirees, and surviving spouses.

PRE-1997 RETIREES, MEDICARE

This section presents the data for FHDA retirees hired before July 1, 1997 who are on Medicare. This group comprises, by far, the largest proportion of FHDA retirees. Currently, there are two smaller retiree groups - those hired before 1997 that do not qualify for Medicare, and all of those hired after July 1, 1997.

After each plan, the first line shows the monthly-required contribution for one person; two people; family, followed by the change in required contributions in each case from 2015. The required monthly contributions are the net amount that retirees pay - the full CalPERS premiums minus the reimbursements paid to retirees (usually by direct deposit) by the District. The required contributions include \$2, \$4, \$6 paid into the VEBA Trust for post-'97 retirees.

The next line shows the full monthly CalPERS monthly premiums for Bay Area residents, while the final entry show the 2015 total plan enrollment. Visit www.calpers.ca.gov and Search for "2016 Monthly Premiums" to see the CalPERS premiums for other geographical areas.

Note that all plans are bundled with Delta Dental and VSP Vision coverage at no additional cost. These two benefits would cost roughly \$80/mo. and \$10/mo., respectively, as stand-alone policies at current group rates. Also note that the District reimburses Medicare retirees for the full premiums they pay to Medicare for Part B (Outpatient) coverage.

Required Monthly Contributions Full CalPERS Monthly Premiums	Change from 2015 2015 Enrollment
PERS Care PPO \$480; \$960; \$1440 \$408; \$816; \$1224	\$0; \$0; \$0 13
PERS Choice PPO \$152; \$304; \$456 \$366; \$733; \$1099	\$14; \$28; \$41 228
PERS Selec PPO \$89; \$178; \$267 \$366; \$733; \$1099	\$12; \$24; \$35 298
UHC Medical Advantage PPO \$81; \$162; \$243 \$321; \$642; \$963	not offered last year 0
Kaiser HMO \$108; \$216; \$324 \$297; \$594; \$892	\$4; \$8; \$12 172

For example, for a single Bay Area Medicare retiree enrolled in the Kaiser plan, the 2016 required monthly contribution will be \$108, \$4 more than in 2015, with a full CalPERS premium of \$297/mo (meaning the District reimburses a retiree \$189/mo after the member has paid the full CalPERS premium, normally from their monthly warrant). In the 2015 plan year there were 172 Medicare retirees enrolled in the Kaiser Senior Advantage plan.

PRE-1997 RETIREES, NON-MEDICARE

Some Pre-'97 FHDA retirees do not qualify for Medicare either because of age or employment history. Here are the corresponding required contributions, changes from 2015, and full CalPERS premiums for Bay Area residents. Enrollment data for 2015 is not available (these data are conflated with active District employees who are also ineligible for

Medicare because they qualify for employer sponsored health care).

Again, all plans are bundled with Delta Dental and VSP Vision coverage at no additional cost.

Required Monthly Contributions Full CalPERS Monthly Premiums	Change from 2015
PERS Care PPO \$480; \$960; \$1440 \$889; \$1779; \$2312	\$0; \$0; \$0
PERS Choice PPO \$152; \$304; \$456 \$798; \$1597; \$2076	\$14; \$28; \$41
PERS Select PPO \$89; \$178; \$267 \$730; \$1460; \$1898	\$12; \$24; \$35
Anthem Select HMO \$81; \$162; \$243 \$721; \$1444; \$1877	-\$57; -\$114; -\$172
Anthem Traditional HMO \$214; \$428; \$642 \$855; \$1711; \$2224	-\$266; -\$531; -\$797
Blue Shield Access+ HMO \$375; \$750; \$1125 \$1016; \$2032; \$2642	\$108; \$216; \$323
Blue Shield NetValue HMO \$393; \$786; \$1179 \$1034; \$2068; \$2688	\$217; \$434; \$651
Healthnet SmartCare HMO \$167; \$334; \$501 \$808; \$1617; \$2102	Not offered in 2015
Kaiser HMO \$108; \$216; \$324	\$4; \$8; \$12

\$746; \$1493; \$1941

UHC Signature Value HMO

\$480; \$960; \$1440

Not offered in 2015

\$955; \$1911; \$2484

For example, for a single Bay Area non-Medicare retiree enrolled in the Kaiser plan, the 2016 required monthly contribution will be \$108, \$4 more than in 2015, with a full CalPERS premium of \$746/mo (meaning the District reimburses a retiree \$638/mo after the member has paid the full CalPERS premium, normally from their monthly warrant).

Effective January 1, 2016, the Delta Dental Plan is enhanced by exempting the cost of diagnostic and preventative services from the annual maximum allowance of \$1,700 (In-Network) or \$1,500 (Out-Network). Healthy Paws Pet insurance is also introduced for the first time at group discount, and premium is direct bill by the carrier. For a quote, retirees may apply online at: <http://www.healthypawspetinsurance.com>. For details, please contact customer service at 1-855-898-8991.

The projected 2016 hit on Fund 61, the roughly \$10M Benefits Stabilization Fund, for sponsoring the CalPERS health plans is \$1.54M.

According to JLMBC Union Chair Lisa Markus, both the District and active employees are facing significant increases in retirement contributions to help forestall CalPERS and CalSTRS future unfunded liabilities. CalSTRS employees will see their contribution rates rise from 8 percent of annual salary to 10.25 percent by July 2016, while the District's contribution rate is scheduled to rise from the current 8.25 percent to 19.1 percent by July 2020. Significant CalPERS employee increases are also expected, and the combined result in an estimated \$10M hit out of a roughly \$175M annual FHDA budget. Thus, while the California economic landscape is markedly improved, the District is being very fiscally conservative.

POST-1997 RETIREES, NON-MEDICARE

Retirees who are CalPERS/CalSTRS receive a monthly retirement warrant, age 55 or older, and were employed by FHDA for 15 or more years immediately preceding retirement, qualify for the Bridge-to-Medicare Program with access to the CalPERS health care plans as individual subscribing members. Under the Bridge Program members pay full CalPERS premiums for coverage, and have the full premiums deducted from their monthly warrants. The Bridge-to-Medicare program restricts subsidizes eligible retiree and spouse or domestic partner up to 2.8 percent (Retiree only) and 5.6 percent (Retiree + Spouse/Domestic Partner) of a particular step/column of the salary schedule negotiated by

the retiree's union. Once the retiree becomes Medicare-eligible the subsidy is discontinued for the retiree and all associated family members.

POST-1997 RETIREES, MEDICARE

Post July 1, 1997 Medicare-eligible retirees are not eligible for any District sponsored health care subsidy. However, retirees in this group and their eligible dependent may continue CalPERS plan coverage as individual subscribing members by having the full plan premiums deducted from the retirees' monthly warrants. In addition, a VEBA Trust Fund has been created to help defray health care costs for these retirees. The funding and payout details for the Fund are negotiable items, to be determined.

BENEFITS FOR SURVIVING SPOUSES AND/OR DOMESTIC PARTNERS

All survivors may continue their CalPERS health care plans after the death of an FHDA retiree by paying the full monthly premium, plus the cost of Delta Dental (currently \$79.61/mo.) and VSP Vision (currently \$10.13/mo.), but the payment methods differ depending on whether the deceased retired before or after May 17, 2012.

For the before May 17, 2012 group, if the survivor of the deceased retiree is deemed a non-pensioner, then CalPERS will bill the District for the survivor's monthly medical premium, and the medical/dental/vision premiums are collected quarterly, in advance, by the District using Electronic Fund Transfers (EFT) via Automated Clearing House (ACH).

For the after May 17, 2012 group, the survivor must be an annuitant. This means the survivor must receive a monthly warrant from either CalPERS/CalSTRS from which CalPERS can deduct full health care premiums. In order for this to happen the FHDA retiree must set up their CalPERS or CalSTRS retirement options so as to provide a monthly retirement check (warrant) to the survivor by not selecting a cash out option (with no subsequent monthly warrant to the survivor), nor by selecting Option 1 that pays an annuity while the retiree is living and nothing after the retiree's death (again, with no monthly warrant to the survivor).

If FODARA members have any questions, they can email the district at MyBenefits@fhda.edu.