FOOTHILL-DE ANZA
Community College District

Office of Human Resources and Equal Opportunity

URGENT!!! YOUR RESPONSE IS REQUIRED – MEDICARE REIMBURSEMENT CHECKS WILL STOP UNLESS YOU RETURN PROOF OF MEDICARE PAYMENT

TO: All District Retirees, Surviving Spouses and Eligible Dependents

FROM: Christine Vo
Benefits Manager

DATE: February 15, 2011

RE: **2011 ANNUAL RETIREE SURVEY & MEDICARE REIMBURSEMENT**

The purpose of this letter is to inform you about Medicare and to notify you about our annual retiree survey to update our records. Additionally, we are collecting two alternative contacts from you for emergency purposes. Please complete all forms, answer the survey questions regardless of your Medicare eligibility and return the survey to the Office of Human Resources no later than **Tuesday, March 15, 2011.**

There are four parts to the Medicare program:

1. **Hospital Insurance (Part A)** – ***Hospital Insurance*** - pays a portion of the hospitalization cost, certain related inpatient care, skilled nursing facility care, hospice care, and home health services. This program is financed by payroll taxes, and if you are eligible based on your own or your spouse's employment, you do not pay a premium. Additionally, you may qualify through a spouse, former spouse, or deceased spouse.

2. **Medicare Insurance (Part B)** – ***Medical Insurance*** – primarily covers doctor fees, most outpatient hospital services, durable medical equipment, and a number of other medical services such as physical and occupational therapy, some home care, and supplies that are not covered by the hospital insurance Part A of Medicare. This program has a monthly premium, which is usually deducted from your Social Security check. If you are not receiving a Social Security pension, the SSA will bill you directly.

3. **Medicare Insurance (Part C)** – ***Medicare Advantage*** - a private Medicare plan, typically offers more comprehensive benefits in exchange for managed care, i.e. Kaiser Senior Advantage Plan. Under this arrangement, you are required to assign your Medicare Part A, B, and D benefit to your HMO and to maintain that assignment. In return, your HMO will provide your benefits and will handle the coordination with Medicare.

4. **Medicare Insurance (Part D)** - ***Medicare Prescription Drug, Improvement, and Modernization Act of 2003*** - Effective January 1, 2006, this program covers prescription drug benefits plus coverage for preventative screenings and tests.

If you are enrolled in a District-sponsored medical plan after retirement, and you or any of your enrolled family members become eligible for premium-free Medicare Part A, the District requires that you and eligible dependents enroll in both Medicare Parts A and B. **If you do not enroll; the District will permanently cancel your medical insurance**. For Medicare enrollment and eligibility information, call Social Security at 1-800-772-1213.

You are hereby advised NOT to purchase Medicare drug coverage from any other health plan or pharmacy. The District has applied for a Medicare Part D subsidy. You do not need to enroll.

Please note: If you choose to enroll in a Medicare drug plan, you will jeopardize your group health plan coverage and the District will not reinstate your coverage at a later date. Since the District's prescription drug plan is included in its health plan, you will need to drop all other coverage to enroll in the Medicare plan.

Medicare Part D Group Creditable Coverage – CMS Definition: The Foothill-De Anza Community College District has determined that the prescription drug coverage offered by the District is, on average for all plan participants, expected to pay out as much or more than the standard Medicare Part D benefit.

Since the existing coverage is on average at least as good as or better than the standard Medicare prescription drug coverage, you may keep the District coverage. If you decide later to enroll in Medicare Part D coverage, you will not be penalized.

District-sponsored Kaiser Medical Plan and Medicare Part D: Please note that district has integrated Medicare prescription drug plans into Kaiser HMO medical plan. If you are a retiree and are enrolled in Medicare Senior Advantage Plan through Kaiser, you do not need to purchase part D from any other source.

Other Employer or Retiree Plans: If you have health insurance with another employer or retiree plan, you may wish to contact them and inquire about their rules regarding enrollment in Medicare Part D plans***. Under Medicare rules, you may be enrolled in only one Medicare Part D plan.***

WHEN AND HOW TO ENROLL FOR MEDICARE: Sign up for Medicare Part A three (3) months prior to your 65th birthday. The Social Security Administration (SSA), not the district, determines Medicare eligibility.

Enroll in Medicare Part B when:

- You are 65 or older; and
- Your or your spouse's current employment ends, or
- Your coverage under the employer group health plan ends, whichever comes first.

As a rule, Medicare becomes available at the beginning of the month in which you turn 65, whether you are retired or still working. Retirees are required to **sign up for Medicare Parts A and B three (3) months prior to the 65th birthday.** Most people become eligible for Medicare

- At age 65, through their own work history or the work history of a current or former spouse (minimum 40 quarters or 10 years), or

- Before age 65, after receiving Social Security disability benefits for 24 months.

Non-working spouses may qualify for Medicare if the retiree meets the requirements for Medicare benefits. Retirees who are divorced, or surviving spouses who may otherwise not qualify on their own, will qualify for Medicare by being the ex-dependent of a qualified beneficiary. In either case, Medicare eligibility is based on a minimum age of 62 plus at least 10 years of marriage and a current un-married status. If you are not already receiving this benefit, check with the Social Security Administration (SSA) to see if you meet the requirements.

Failure to enroll in a timely manner will cause the premium for Part B to increase by as much as 10% per year for each year that you fail to sign up. However, if you or your spouse are still actively employed full-time and eligible for benefits with another employer's health plan (other than the District's Medical Plan) at the time you turn 65, you may delay enrollment without penalty.

KAISER SENIOR ADVANTAGE PROGRAM: Kaiser members are required to enroll in **Senior Advantage upon reaching age 65** or **Medicare eligible**. This is a Medicare-risk plan and requires the participant to be enrolled in both Parts A and B of Medicare. You must complete the *Medicare Advantage Universal Enrollment/ Election form* upon Medicare approval before your Medicare coverage (and reduced monthly cost) will be effective. Mail the form directly to the Kaiser; the address is on the form. Medicare pays a flat fee to the plan each month, and the HMO agrees to assume full responsibility for your care. The Senior Advantage Plan is identical to the District Kaiser Medical Plan. Failure to comply may disqualify you from all District paid benefits.

CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM (CalSTRS) MEDICARE PREMIUM PAYMENT (MPP) PART A PROGRAM AND ELIGIBILITY REQUIREMENTS: Teachers' Retirement Law (section 25940)

Faculty hired after April 1, 1986 have been required to pay into Medicare. Faculty hired prior to April 1, 1986 did not pay into Medicare, but CalSTRS enabled faculty to become Medicare eligible through its California State Teachers' Retirement System MEDICARE PREMIUM PAYMENT (MPP) PART A program.

Under the MPP Program, beginning July 1, 2001, CalSTRS agreed to compensate the Medicare Part A (hospitalization) premium for those eligible Defined Benefits (DB) Program members who are not qualified for premium-free Part A benefits through their own employment or that of a spouse**.**

The MPP program initially agreed to cover certificated employees who retired prior to January 1, 2001 and later extended through January 1, 2012, but eligibility was limited to those retiring from a district that held, or was in the process of holding, a Medicare Division Election prior to their effective date of retirement. The Teachers' Retirement Board has the authority to extend the retirement eligibility date for the program.

The District's Medicare election was held February 18-28, 2003. Therefore, *faculty who retired between January 1, 2001 and February 18, 2003 are not eligible for premium-free Medicare coverage through the STRS program.*

For those retiring after the Medicare Election, MPP coverage depends on the following:

- Faculty age ***58 or older*** at the time of the election (February 28, 2003) automatically become Medicare-eligible at age 65 regardless of whether they voted "Yes" or "No," provided they retire before January 1, 2012.

- Faculty age ***57 or younger*** at the time of the election (February 28, 2003) AND retire before January 1, 2012 automatically become Medicare-eligible contributions until retirement to become Medicare-eligible at age 65. Under the MPP program, you will become Medicare eligible even if you pay into Medicare for fewer than 40 quarters. Medicare STRS agreed to pay the difference between the number of quarters earned and the 40 quarters normally required.

For those who qualify for the MPP program, CalSTRS will pay your Medicare Part A premium (standard rate of $450/mo for retirees with less than 30 credits or $248/mo for retirees with 30-39 credits). *CalSTRS deducts Medicare Part B premiums from retirement or disability allowances.* Premiums and assessments are forwarded to the Centers of Medicare & Medicaid Services (CMS). This benefit is not available to a member's spouse or beneficiary (ies). CalTRS can deduct Medicare Part B premium from your monthly retirement benefit and forward the payment to Medicare.

You must contact **CalSTRS Health Benefits, P. O. Box 15275, MS #47, Sacramento, CA 95851-0275, Member Services at 1-800-228-5453 (M-F 7am–6pm)** or email CalSTRS at **www.calstrs.com** to request a CalSTRS Medicare Payment Authorization Form to pay your Medicare Part A premium and authorize deduction of the Medicare Part B premium from your monthly benefits.

NOTE: CalSTRS will not pay Medicare penalties for late enrollment in Medicare Part A or B.

MANDATORY MEDICARE ENROLLMENT FOR ALL RETIREES:
Certificated Employees, who retired under **Article 19** and continue to teach part-time at the District until full retirement, and **regular faculty retirees** who may have **never contributed into Social Security**, **must** check with the local Social Security Administration Office to verify eligibility. If eligible, the retiree **must** sign up for both Medicare Part A & B for **dual coverage** with Medicare as **primary** and the District's medical plan as **secondary**. If you do not have enough credits and are ineligible for Medicare due to age limits (less than 65 years of age), you do not have to do anything. You remain covered under the District's medical plan as **primary** until you qualify.

Please note that *participation in the CalSTRS Medicare Premium Payment Program (MPPP) is **mandatory** for eligible certificated retirees who retire prior to July 1, 2012. Retired CalSTRS members who qualify for this*

benefit must enroll in Medicare through the Social Security Administration. CalSTRS may pay and deduct Medicare premiums for CalSTRS members only. **Failure to comply with this policy can result in the permanent loss of your district-sponsored medical coverage.**

If a retiree chooses to delay signing up for a Social Security pension for financial reasons when eligible, he/she is still required to enroll for Medicare Parts A and B at the age of 65 or at the time of eligibility. **Failure to do so will forfeit his/her District paid benefits.** If you do not claim a social security pension, the monthly Medicare premium Part B will be **billed quarterly** directly to you by Medicare and must be **paid directly by you**. *If you elected not to have Medicare premium part B deducted automatically against your social security pension (when eligible) or to have the premium billed quarterly, the district will only reimburse you a monthly premium of **$96.40**, not **$115.40** (unless you are impacted by M.A.G.I.).*

Failure to sign up for Medicare in a timely manner will increase the premium for Part B and will result in loss of Medicare benefits as PRIMARY carrier effective the date of Medicare eligibility. The Self-Funded plans required Medicare Crossover set up with CMS prior to processing your claims as Primary. It is imperative that this notice is completed prior to the date of Medicare eligibility. The District plan will not pay your claims as PRIMARY simply because you enrolled late, Medicare must processed all claims first. You are responsible for the full cost any medical claims incurred that is not are not coordinate with Medicare as PRIMARY. The District's Medical Plan requires a copy of the **Medicare Explanation of Benefit (E.O.B.) statement** in order to coordinate benefits and process your claim(s) as secondary payment.

For more information on how to enroll in Medicare, premium amounts, or premium surcharges, contact SOCIAL SECURITY ADMINISTRATION at **(800) 772-1213** from **7:00 a.m. - 7:00 p.m**. or www.socialsecurity.gov.

Pursuant to the *Agreements* with the bargaining units and other employee groups, you are required to sign up for Medicare Part B if you are eligible. Each retiree and every eligible dependent shall notify the District of his/her Medicare eligibility. **It is the sole responsibility of the retired employee and his or her eligible dependents to apply for and satisfy the requirements of Medicare.**

MEDICARE PREMIUM REIMBURSEMENT: The District will reimburse retired employees and eligible dependents for the cost of optional Medicare, Part B on a quarterly basis (March, June, September, and December). Beneficiaries who currently have the Social Security Administration (SSA) withhold their Part B premium and have incomes of $85,000 or less (or $170,000 or less for joint filers) *will not* experience an increase in their Part B premium for 2011**. For 2011, the standard reimbursement rate for Medicare Part B premium is $96.40, if the beneficiary has SSA withholding in 2009; $110.50 if beneficiary was new in 2010 and has withholding; $115.40 for all others.**

In 2011:

- **Newly enrolled Part B beneficiaries** will pay **$115.40** (because they did not have the premium withheld from their Social Security checks in 2010).
- **Standard premium for beneficiaries who do not currently have the Part B premium withheld from their Social Security checks is $115.40.** i.e. CalSTRS
- **Higher-income beneficiaries pay $115.40 plus an additional amount, based on the income-related monthly adjustment amount (IRMAA).**

Due to a programming error by the fed, millions of notices went to Medicare beneficiaries with the wrong deduction amount charged for 2011 as $96.50/month instead of $96.40. This error is beyond our control! We only wish to point out this error for your information only. The decision for you to contact the SSA for correction or clarification is entirely yours. After all, it is a $0.10/mo difference or $1.20 for the entire year. To that end, for calendar year 2011, we will provide you with the correct standard monthly premium for Medicare part B reimbursement - **$96.40**.

INCOME RELATED MONTHLY ADJUSTMENT AMOUNT (IRMAA):
The Internal Revenue Service supplies your tax filing status, your adjusted gross income, and your tax-exempt interest income to the Social Security Administration to determine if you have an income related monthly adjustment amount (IRMAA). The Social Security Administration will add your adjusted gross income together with your tax-exempt interest income to get an amount called the **M**odified **A**djusted **G**ross **I**ncome (**MAGI**).

The income-related monthly adjustment amount is effective from January 1 through December 31 each calendar year. The Social Security Administration will refigure your Medicare Part B premium amount again next year when the Internal Revenue Service updates the information.

For most beneficiaries, the government pays a substantial portion - about 75 percent of the Part B standard premium and the beneficiary pays the remaining 25 percent. However, the Medicare Modernization Act of 2003 (MMA) changed how Part B premiums are calculated for some higher income beneficiaries.

Since January 1, 2007, higher income beneficiaries have been paying a larger percentage of their Medicare Part B premium IRS based on income and filing status (Single/Head of Household or Qualifying Widow(er), Married/filing jointly, Married/filing separately) they reported the Internal Revenue Service (IRS). In 2011, higher income beneficiaries will pay a monthly premium equal to 35, 50, 65 or 80 percent of the total cost depending on what they reported to the IRS. Essentially, the MMA change reduces the government Part B subsidy from its current 75 percent for all beneficiaries to 65 percent or less for highest-income seniors.

The chart below shows the Part B monthly premium amounts based on income. These amounts change each year.

Table 1: Part B Monthly Premium

	Beneficiaries who file an **individual** tax return with income	Beneficiaries who file a **joint** tax return with income
Your 2011 Part B Monthly Premium Is	**If Your Yearly Income Is**	
$96.40 if beneficiary has SSA withheld in 2009 **$110.50** if beneficiary was new in 2010 and had SSA withhold **$115.40** for all others	$85,000 or less	$170,000 or less
$161.50 (Increased by **$46.10** due to IRMAA)	$85,001-$107,000	$170,001-$214,000
$230.70 (Increased by **$115.40** due to IRMAA)	$107,001-$160,000	$214,001-$320,000
$299.90 (Increased by **$184.50** due to IRMAA)	$160,001-$214,000	$320,001-$428,000
$369.10 (Increased by **$253.70** due to IRMAA)	Above $214,000	Above $428,000

Table 2: Part B Monthly Premium Beneficiaries who are married, but file a **separate tax return** from their spouse and lived with his or her spouse at some time during the taxable year	
Your 2011 Monthly Premium is	**Beneficiaries who are married but file a separate tax return from his or her spouse**
$96.40 if beneficiary has SSA withheld in 2009 **$110.50** if beneficiary was new in 2010 and had SSA withhold **$115.40** for all others	$85,000 or less
$299.80 (Increased by **$184.50** due to IRMAA)	$85,001-$129,000
$369.10 (Increased by **$253.70** due to IRMAA)	Above $129,000

If your **M**odified **A**djusted **G**ross **I**ncome (**MAGI**) in 2009 was greater than $85,000 as reported to the IRS, the Medicare premium for Part B will increase accordingly. The maximum reimbursement rates for these individuals for calendar year 2011 are listed in the table below:

MAGI Range	Income Related Monthly Adjusted Amount (IRMAA)	Maximum Allowed for 2011
Single, Head of Household, Qualifying Widow(er):		
$85,001 - $107,000	$ 46.10	$115.40 + 46.10 = **$161.50***
$107,001 - $160,000	$115.30	$115.40 + 115.30 = **$230.70***
$160,001 - $214,000	$184.50	$115.40 + 184.50 = **$299.90***
Above $214,000	$253.70	$115.40 + 253.70 = **$369.10***
Married, filing jointly:		
$170,001 - $214,000	$ 46.10	$115.40 + 46.10 = **$161.50***
$214,001 - $320,000	$115.30	$115.40 + 115.30 = **$230.70***
$320,001 - $428,000	$184.50	$115.40 + 184.50 = **$299.90***
Above $428,000	$253.70	$115.40 + 253.70 = **$369.10***
Married, filing separately:		
$85,001 - $129,000	$184.50	$115.40 + 184.50 = **$299.90***
Above $129,000	$253.70	$115.40 + 253.70 = **$369.10***

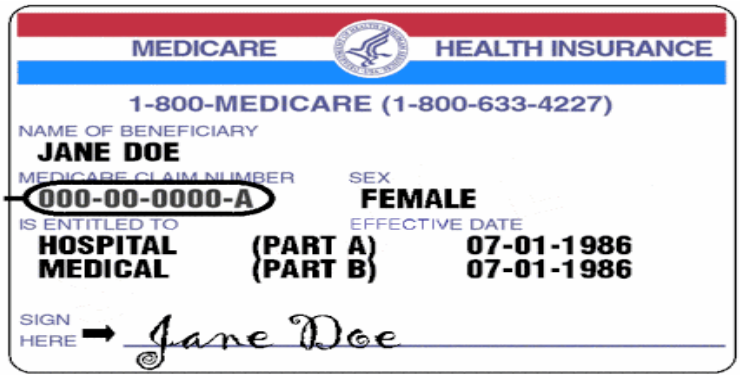
***If you pay a late-enrollment penalty, this amount will be higher. The penalty is not reimbursed by the District.**

What if my income has gone down? If your MAGI Range has changed at least one range since you filed your 2009 income taxes and you have experienced at least one of the qualifying events listed below, you should contact the local Social Security Administration (SSA) Office for a decision regarding your Medicare Part B premium:

- You married;
- You divorced or your marriage was annulled;
- You became a widow/widower;
- You or your spouse has stopped working or reduced work hours;
- You or your spouse lost income from income-producing property due to a disaster or other event beyond your control; or
- Your or your spouse's benefits from an insured pension plan stopped or were reduced.

MEDICARE COORDINATION OF BENEFITS FOR MEDICARE BENEFICIARIES:

By law, Medicare is the PRIMARY Payer for retirees' medical and prescription drugs expenses. The District Medical Plan is the SECONDARY payer. To ensure timely payment from the Third Party Administrator and coordination of benefits via Medicare Crossover Program for the retirees, **you must provide to the District copies of the Medicare ID card, "Medicare Determination Letter" or "Medicare Award Letter", and/or proof of Medicare premium payment when eligible.**



We strongly recommend that **your notification to the district to be completed by *the first of the month of Medicare eligibility* to guarantee that Medicare adjudicates claims properly as primary**. If you are late in notifying the district, CMS reserves the rights to refuse processing your claims due to late Medicare Crossover notification. To that end, the district plan would not pay any of your outstanding claims as primary until Medicare processed the outstanding claim(s) as primary first. If the Plan inadvertently paid your claims as primary, we reserve the rights for full recovery. Consequently, you will be responsible for the full cost of any medical expenses incurred during this period.

MEDICARE PROVIDERS REQUIRED:

To receive plan benefits under all district-sponsored Medicare plans, you must use a provider who participates in Medicare. If your doctor does not take Medicare patients or will only render services under a "private contract" directly with you, neither Medicare nor your district-sponsored medical plan will cover the services. If your doctor takes non-Medicare patients but not Medicare patients, you may need to select a new doctor when you become eligible for Medicare.

MEDICARE DOUBLE COVERAGE – An Important Reminder

The Centers for Medicare & Medicaid Services (CMS), the federal agency that administers the Medicare program, ruled that our historical practice of allowing Medicare members to receive Kaiser Permanent Senior Advantage benefits through more than one employer or trust contract is not allowed under law and regulations. While a Medicare beneficiary may be enrolled in a Medicare plan and a commercial plan at the same time**,** he/she *may not be enrolled in more than one Medicare Plan at a time.* Therefore, you may not enroll as "double-covered" Medicare member at any time; you must designate the District coverage as your Medicare Plan of Record.

MEDICARE RULE FOR RETIREES WHO RESIDE OUTSIDE OF THE US:

Medicare generally does not cover health services outside the U.S. Therefore, district waives its requirement that you enroll in Medicare Part B while you live outside the U.S. If/when you return to the U.S benefits under Medicare Part A are available to you and you are required to enroll in Part B. Medicare may charge a higher premium when you re-enroll.

SPOUSE AND DOMESTIC PARTNER COVERAGE: District paid health benefits are for the lifetime of the eligible retiree only. If you predecease your spouse/domestic partner, he or she will not be eligible to continue to receive District-paid health benefits. However, he or she may purchase continuation health benefits through the District.

REMINDER: Only dependents **insured** through the District program are eligible for Medicare premium part B reimbursement.

IMPORTANT: If you are 65 years or older and are ineligible for Medicare for whatever reason, you must provide a **letter from the SSA to certify your Medicare ineligibility status** in addition to completing the survey form.

Required for Medicare CONTINUING Participants:

1. Complete the **2011 Annual Retiree Survey Form**
2. Complete the **2011 Retiree Data Update Form**
3. Provide a proof of the **2011 Medicare Part B Monthly premium** payment.
4. Return the paperwork to the District Human Resources Office by **Tuesday, March 15, 2011.**

Required for NEW Medicare Participants:

1. Complete the **2011 Annual Retiree Survey Form.**
2. Complete the **2011 Retiree Data Update Form**
3. Provide a copy of the Center of Medicare and Medicaid Services **(CMS) Determination "AWARD" Letter** which indicates Name, SSN, date of Medicare eligibility, and Medicare Part B monthly premium for 2010.

   NOTE: For non-Social Security pensioner, you may submit a copy of the **cashier check** that you use to pay for the first quarterly Medicare Part B premium and the initial Medicare Part B invoice as proof of payment in lieu of the above CMS Award Letter.

4. Provide a copy of the **Medicare ID card(s) for both Retiree & Spouse/Domestic Partner** (to complete our master file for Medicare Crossover Program).
5. Return the paperwork to the District Human Resources Office **no later than the last day of the month that you became eligible for Medicare.**

NOTE: It is imperative that you notify the District immediately upon qualifying for Medicare. You must submit proof of Medicare eligibility and payment in a timely manner. Reimbursement is not retroactive.

If you have any questions regarding MEDICARE ELIGIBILITY and PART B QUARTERLY REIMBURSEMENT, please contact **Benefits Unit** via email: **MyBenefits@fhda.edu.**

NOTE: If you wish to receive a confirmation notice regarding your mailing to us, please send your mail via certified mail, or request confirmation via email to: **MyBenefits@fhda.edu**. Please allow up to 72 hours for a reply. Unfortunately, due to limited resources, we cannot confirm by phone. Thank you.

Please submit your proof of Medicare payment to:

FOOTHILL - DE ANZA COMMUNITY COLLEGE DISTRICT
ATTN: BENEFITS UNIT
12345 EL MONTE RD
LOS ALTOS HILLS, CA 94022

E-Mail: MyBenefits@fhda.edu FAX: (650) 949-2831

HR Benefits Web Page: http://hr.fhda.edu/benefits