



**B**

# RETIREMENT HEALTH BENEFITS FAQ

*Mayor Martin J. Walsh*

- **Health Insurance**
- **Medicare Eligibility & Enrollment**
- **Life Insurance**

# HEALTH INSURANCE BENEFITS ELIGIBILITY



- In order to be eligible for retiree health benefits through the City of Boston, the retiree must be collecting a monthly retirement check
  - Health insurance premiums are withheld one month ahead from monthly retirement check
    - Retirees pay the same percentage toward health insurance premium as active employees for non-Medicare plans (Retiree amount lower for Medicare plans)
- Retiree health insurance coverage follows the same rules as coverage for active employees:
  - Retirees can newly enroll in or change plans during annual open enrollment period each Spring
  - Retirees can enroll due to a loss of coverage
  - Retirees can add dependents due to qualifying event such as marriage or loss of coverage
- Upon retiree's death, their surviving spouse may continue coverage at same cost as while retiree was alive
  - Pension choice (Option A, B or C) does not affect surviving spouse's eligibility for continued health insurance
  - Surviving spouses are no longer eligible for health insurance if remarried
  - Ex-Spouses are offered COBRA upon retiree death

# RETIREES UNDER AGE 65



- Retiree (and spouse) under age 65 at time of retirement, may remain on current non-Medicare plan
  - If living out of plan service area (Massachusetts) for more than 90 days, must enroll in PPO plan
- Three months before 65th birthday of retiree/spouse, a letter will be mailed to them notifying them of their obligation to apply for Medicare Parts A & B
  - If only retiree or spouse is turning age 65 and is eligible for Medicare, that individual will transfer to the Medicare Supplement plan and the other will remain on an individual non-Medicare plan until they turn 65

# RETIREES AGE 65 AND OLDER



- Retiree and/or spouse is age 65 or older at time of retirement and not covering dependent(s) under age 26:
  - Must apply for Medicare Parts A & B
    - Health Benefits Department will complete “Request for Employment Information” form required by Social Security.
- If eligible, must enroll in Parts A & B and transfer to Medicare Supplement Plan
  - If only retiree or spouse is age 65 and is eligible for Medicare, that individual will transfer to the Medicare Supplement plan, and the other will remain on an individual non-Medicare plan until they turn 65 (one over / one under)
- If ineligible may stay on current non-Medicare plan
  - Must provide proof - letter on Social Security letterhead
  - If living out of plan service area (Massachusetts) for more than 90 days, must enroll in PPO plan

- Retiree and/or spouse is age 65 or older at time of retirement and covering dependent under 26 – *Family Exempt*

## Medicare Enrollment

- Enroll in Medicare Part A if eligible for free
  - Defer enrollment in Medicare Part B until dependent ages off plan end of month of 26th birthday
  - Once dependent off plan, apply for Medicare Part B during General Enrollment Period (Jan 1st – March 31st) for a July 1st effective date
- OR**
- Enroll in Medicare Part A (if eligible for free) and Medicare Part B
  - Provide copy of Medicare card to Health Benefits Department
  - Family Exempt eligible for 100% reimbursement of Part B premiums annually in July once Medicare Card received by Health Benefits Department.

# ACTIVELY WORKING - AGE 65 OR OLDER



- If an individual is actively working and turns age 65
  - Can enroll in Medicare Part A if eligible for free
  - Defer enrollment in Medicare Part B until retirement
- Spouse covered as dependent, actively working and age 65 or older, and City of Boston employee is retired
  - Spouse is required to apply for Medicare Parts A & B and transfer to a Medicare Supplement Plan in order to maintain eligibility for health insurance coverage through the City

- Effective July 1, 2011, Chapter 69, the Acts of 2011 mandated that all cities and towns require retirees age 65 and older to apply for Medicare Parts A & B and if eligible, to transfer to a Medicare Supplement plan in order to continue their health insurance coverage
  - This includes:
    - Retirees
    - Retiree spouses
    - Medicare eligible dependent children (disabled)
    - Surviving spouses
  - Required to enroll if eligible for Medicare Part A for FREE



- You could be eligible for Medicare Part A for free if:
  - You have worked 40 credits into Social Security
  - You have a current spouse, former spouse or deceased spouse who worked 40 credits into Social Security
  - You paid the Medicare tax
  - Employees hired after July 1, 1987 have paid the Medicare Tax
  - You have Military service that counts
- This list is not comprehensive: Even if believe not eligible for Medicare, retiree/spouse **must** complete the process of applying through Social Security for enrollment or denial.

## Medicare Part A is Hospital Insurance

- In general, Part A covers:
  - *Hospital care*
  - *Skilled nursing facility care*
  - *Nursing home care*
  - *Hospice*
  - *Home health care*
- This is not long term care, limits apply
- Part A is FREE (if you, spouse or former spouse have earned 40 credits)

## Medicare Part B is Medical Insurance

- Part B will cover:
  - *Medically necessary services: Services or supplies that are needed to diagnose or treat your medical condition and that meet accepted standards of medical practice.*
    - *Ambulance Services*
    - *Durable Medical Equipment*
    - *Mental Health*
  - *Preventive Services: Health care to prevent illness (like the flu) or detect it at an early stage, when treatment is most likely to work best (Preventative screenings, flu or shingles vaccines)*
- Part B has monthly cost

# MEDICARE PART B PREMIUMS



- Medicare Part B has a standard premium of \$135.50/month (*premium subject to change annually on January 1st*)
- Income Related Monthly Adjustment Amount (IRMAA)
  - *If your income, according to your taxes, exceeds a certain threshold, you will be charged more for your Medicare Part B premium. (Calculation based upon 2-year prior tax return)*

<b>File Individual Tax Return</b>	<b>File Joint Tax Return</b>	<b>2019 Medicare Part B IRMAA</b>
\$85,001 - \$107,000	\$170,001 - \$214,000	\$54.10
\$107,001 - \$133,500	\$214,001 - \$267,000	\$135.40
\$133,501 - \$160,000	\$267,001 - \$320,000	\$216.70
\$160,001 - \$500,000	\$320,001 - \$750,000	\$297.90
Greater than or equal to \$500,000	Greater than or equal to \$750,000	\$460.50

- If collect a Social Security check, Medicare Part B premium will be withheld from Social Security check
- If not collecting a Social Security check, will be billed on a quarterly basis for Medicare Part B premium. Must pay this invoice or Medicare Part B coverage will be terminated and coverage through the City will be changed to non-Medicare plan.

# MEDICARE PART B PREMIUM REFUND



- Annually in July, the City will refund 50% of the amount paid for Medicare Part B premium if enrolled in City of Boston Medicare plan.
- The refund is issued in the July retirement check for the previous calendar year.
  - *For example, the refund issued in July 2019, will be for premiums paid in Jan – Dec 2018.*
- The City will automatically refund based on the standard monthly Medicare Part B premium amount
  - If paid more due to IRMAA, proof of payment required no later than April 1st each year
    - Social Security 1099
    - Letter on Social Security letterhead stating how much you paid

# LATE ENROLLMENT PENALTY (LEP)



- Penalty charged by Medicare for individuals who missed Initial Eligibility Period for Part B and not actively working
- The penalty is charged for lifetime
- LEP is paid 100% by City for Family Exempt retirees if waive Medicare Part B enrollment until dependent(s) reach age 26

- Basic Term Life Insurance Policy – \$5,000
  - *Please encourage retirees to update their beneficiary!!!*
- Premium is paid through monthly retirement check
  - *Same contribution to premium as active employees*
- Optional Life Insurance
  - The cost will increase upon retirement.
  - Premium is paid through monthly retirement check
  - Must notify Health Benefits if wish to cancel this benefit, it will automatically continue otherwise
  - Policy terminated once the retiree reaches age 75
    - The policy may be converted directly with the life insurance company; information will be mailed at that time.



- **QUESTIONS:**
  - Karrie Soltys  
Retiree Benefits Manager  
617-635-2352
  - Barbara Young  
Retiree Benefits Representative  
617-635-1943

-