

PERALTA COMMUNITY COLLEGE DISTRICT

*Overview of Current Retirees' & Future
Retirees' Eligibility for Lifetime Health Benefits*

Presented to the Retirement Board

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Presented by:

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SECTION I. GOAL OF THIS OVERVIEW

The goal of this overview is to review the current Medical Benefits program for retirees and future retirees for District-paid health benefits (lifetime or until reaching age 65).

This overview does not address, nor is it intended to address OPEB.

SECTION II.

BENEFITS FOR ELIGIBLE CURRENT RETIREES AND FUTURE RETIREES

- Category I. Future retirees who are eligible for Lifetime Health Benefits:
 - ❑ Employees hired on or before July 1, 2004 (“Pre-2004”) eligible for Lifetime Health Benefits:
 - Retired from the District
 - At least 50 years old for PERS and 55 years old for STRS
 - At least 10 years of creditable service (as defined by PERS and STRS)
 - Spouse/domestic partner is eligible for Lifetime Health Benefits for the duration of the retiree’s lifetime; dependent children are covered to age 26
 - At death of retiree, spouse/domestic partner may, during their lifetime, “buy into” the Plan and pay premium
- Category II. Future retirees who are not eligible for Lifetime Health Benefits, (Post 2004 hires) and who are still actively at work with Peralta.
 - ❑ Employees hired after July 1, 2004 (“Post-2004”) who are retired and have reached age 65, may or may not enroll in Medicare. In any case, they are not covered under a District medical Plan.
 - Spouse and Domestic Partners are eligible until they reach age 65 so long as they pay the premium
 - Dependent children are covered until age 26 as long as they pay the premium.
- Category III. Retirees who retire before age 65 and are eligible for health benefits until age 65.
 - ❑ Employees hired after July 1, 2004, who retire before age 65, are eligible for the District-paid benefits until they reach the age of 65. Thereafter, they are not covered by a District plan.
 - Spouse and Domestic Partners are eligible until they reach age 65 so long as they pay the premium
 - Dependent children are covered until age 26 as long as they pay the premium.

SECTION III.
RETIREEES' AND FUTURE RETIREEES' LIFETIME HEALTH
BENEFITS DATA AS OF MAY 17, 2016
QUESTIONS & ANSWERS-DEMOGRAPHICS OF RETIREEE POOL

- Question #1: What are the demographics of those who retired at the time "Pre-2004" category was established, and as a result, covered by Lifetime Health Benefits:
 - Answers:
 - Number of retirees, spouses/domestic partners initially this pool: 1,082
 - *Through attrition, number of retirees, spouses/domestic partners no longer in this pool:* 488
 - *Number retirees, spouses/domestic partners remaining in the initial pool:* 594

- Question #2: How many employees hired on or **before** July 1, 2004 ("Pre-2004"), later retired and eligible for Lifetime Health Benefits and what is their average age now?:
 - Answer:
 - There are 295 employees hired before July 1, 2004 and have since retired after July 1, 2004, plus 7 who have submitted an intent to retire between now and August 2016.
 - Average age of retirees: 76
 - Average age of eligible spouses/domestic partners: 75

- Question #3: How many current retirees, including dependents, are eligible for Lifetime Health Benefits:
 - Answer:
 - *There are current 684 retirees who are eligible for Lifetime Health Benefits. There are 402 dependents of retirees (including 20 children who are only covered to age 26) who are currently covered for a total of 1086 retirees and dependents covered.*

SECTION III.
RETIREES' AND FUTURE RETIREES' LIFETIME HEALTH
BENEFITS DATA AS OF MAY 17, 2016
QUESTIONS & ANSWERS-DEMOGRAPHICS, CONTINUED

- Question #4: How many future retirees, including dependents, are eligible for Lifetime Health Benefits?
 - Answer:
 - There are currently 282 employees eligible for Lifetime Health Benefits who have not yet retired with 423 dependents.

- Question #5: What is the total number of current retirees (684) and future retirees, (282) including all current dependents (828), who are eligible for Lifetime Health Benefits:
 - Answer:
 - There are currently 1791 current and future retirees (including dependents) who are eligible for Lifetime Health Benefits.

- Question #6: How many current active employees, (including dependents), were hired *after* July 1, 2004 ("Post-2004)" on District plans:
 - Answer:
 - There are 547 current active employees with 820 dependents who were hired after July 1, 2004.

SECTION III.

RETIREEES' AND FUTURE RETIREEES' LIFETIME HEALTH BENEFITS DATA AS OF MAY 17, 2016

QUESTIONS & ANSWERS-DEMOGRAPHICS, CONTINUED

➤ Question #7: How many retirees are currently insured under the medical plans?

➤ Answer:

- There are currently 684 currently insured under the District's medical plans.
- There are currently 51 surviving spouses covered under our plans.

➤ Question #8: What is the enrollment distribution of retirees and dependents in our medical plans?

➤ Answer:

Plan	Single	Two	Three or more	Total
Kaiser	152	113	9	274
PPO Lite	2	9	0	11
PPO Traditional	169	206	24	339
Total	323	328	33	684

➤ Question #9: How many retirees are covered by Kaiser?

➤ Answer:

- There are 274 retirees covered under Kaiser, based on our enrollment records.

➤ Question #10: Do the retirees who have insurance coverage with the District, other than Kaiser, pay the difference in cost? If not, then why not?

➤ Answer:

- If they are a post 2012 retiree enrolled in the PPO Traditional plan, then they pay the cost over the prevailing PPO Lite Cap as negotiated between the District and the Unions.
- The element of cost sharing was negotiated in July 2012 and only applies to the Traditional Plan enrollees. Survivors may elect to pay premium costs if they choose to remain in our plans.

SECTION III.

RETIREEES' AND FUTURE RETIREE'S LIFETIME HEALTH BENEFITS DATA AS OF MAY 17, 2016

QUESTIONS & ANSWERS - MEDICARE

➤ Question #11: How many retirees and Medicare-eligible dependents are not covered by Medicare?.

➤ Answer:

- There are 25 Medicare-eligible retiree and/or dependents not covered by Medicare:
 - 7 retirees who are Kaiser members
 - 4 retirees who are the spouse of a retiree
 - 7 retirees who are enrolled in the self-funded plan, currently administered by CoreSource
 - 7 retirees who are the spouse of a retiree enrolled in the self-funded plan, currently administered by CoreSource
- The District has taken progressive steps to ensure timely enrollment of retirees and dependents into the Medicare programs as required under our CBA's. Our annual outreach campaign includes mailings, telephone banking plus a Medicare Open Enrollment we collectively provide on-site, convenient, one-stops service. This event is staffed by representatives from Medicare, CoreSource, and Kaiser to support our goal for full Medicare participation.

• 2012-2013:	total number of retirees/dependents eligible, but not coordinated:	102
• 2015-2016:	total number of retirees/dependents eligible, but not coordinated:	25

Question #12: Will retirees' and dependents' coverage under the District medical plans end due to not enrolling in Medicare when eligible at age 65?

➤ Answer:

- If the retiree is Pre-2012, due to non-restrictive language in early CBA's, there is no consequence for non-coordination other than administrative inconvenience when claims are denied pending an official Medicare denial.
- If the retiree is Post-2012, the Collective Bargaining Agreements provide that the District begin the de-enrollment process which may take as long as a year to effect.

SECTION III.

RETIREEES' AND FUTURE RETIREE'S LIFETIME HEALTH BENEFITS DATA AS OF MAY 17, 2016 QUESTIONS & ANSWERS-ENROLLMENT & AUDITING

➤ Question #13: What is the validation process in effect to ensure that the District is covering only eligible dependents? What documentation is required for employees and retirees?

➤ Answer:

- Once the District is notified of a qualifying event (e.g. marriage, birth or adoption), we require documentation in order to enroll the eligible dependent. Acceptable documents include:
 - Recent tax return
 - Proof of relationship
 - Proof of joint ownership
 - Marriage license
 - Domestic Partner Affidavit
 - Court-issued guardianship documents or other court-ordered custodial agreements

➤ Question #14: When was the last dependent verification of dependents audit?

➤ Answer:

- The last Dependent Audit was in 2014; it generally precedes the bi-annual Other Post Employment Benefits (OPEB) actuarial study. We anticipate conducting an audit in Fall 2016.

➤ Question #15: Who is responsible for updating the District in a timely manner when there is a change in status?

➤ Answer:

- During the exit process, and each year thereafter, we advise the employee to inform the survivors to contact the District in case of death. It is the responsibility of the spouse or eligible dependent to notify us in order to protect their rights for continuous coverage.

SECTION III.
RETIREES' AND FUTURE RETIREE'S LIFETIME HEALTH BENEFITS
DATA AS OF MAY 17, 2016
QUESTIONS & ANSWERS-ENROLLMENT & AUDITING, CONTINUED

- Question #16: Does the District have a designee or designated relative identified, for each retiree?
 - Answer:
 - Not for all retirees, since 2014, we have been collecting the information from our employees during the retiree exit process.

- Question #17: How is the District notified when a covered retiree or spouse dies or becomes ineligible due to divorce?
 - Answer:
 - The District is notified of a death via
 - Return mail from the US Postal Service
 - Surviving spouse, domestic partner or child
 - Legally recognized entities:
 - Trustees, conservators, executors, court-appointed guardians or custodian, estate attorney,
 - If a Kaiser member dies while hospitalized, then Kaiser generally notifies us within 2 months.
 - We also proactively verify deaths through *ancestry.com*

- Question #18: Who is responsible for updating the District in a timely manner when there is a qualifying event??
 - Answer:
 - During the exit process, and each year thereafter, we advise the employee to inform his/her survivors to contact the District within 60 days of death or divorce. It is the responsibility of the spouse or eligible dependent to notify us in order to protect their rights for continuous coverage.

- Question #19: What is the process for validating the claim for reimbursement for drugs that are purchased by Retirees?
 - Answer:
 - For Kaiser enrollees, the District requires that we receive a receipt from the retiree and/or eligible dependent within the previous 12-month period for internal processing. Attached to the Reimbursement Claim form should be receipts or a summary from Kaiser bearing identifying information (patient name, date of service, prescription number).
 - Processing of claims for enrollees of our self-funded plan is entrusted to CVS/Caremark for processing. Claim forms are submitted directly to CVS/Caremark.

SECTION III.

RETIREEES' AND FUTURE RETIREE'S LIFETIME HEALTH BENEFITS DATA AS OF MAY 17, 2016

QUESTIONS & ANSWERS - PLAN DESIGN

- Question #20: Are the insurance coverage contracts the same for current employees and retirees? Who negotiates the terms.
- Answer:
 - No. The coverage contracts for office visits & prescription drug co-pays, deductibles and lifetime maximums are different and based on retirement date and outcome of negotiations between the District and the three employee unions.

Other Medical Plan Features*					
If retirement date is:	Office Co-Pays	Prescription Drugs Obtained at a Retail Pharmacy	Deductible	District-Paid Vision Coverage	District-Paid Dental Insurance
June 30, 2004 or prior	Self-Funded PPO Traditional Plan: \$0 Kaiser: \$0	Self-Funded PPO Traditional Plan: \$1 Kaiser: \$5	Self-Funded PPO Traditional Plan: \$0 Kaiser: \$0	Self-Funded PPO Traditional Plan: None Kaiser: None	Self-Funded PPO Traditional Plan: None Kaiser: Available with Senior Advantage only
Between July 1, 2004 and June 30, 2012	Self-Funded PPO Traditional Plan: \$10 Kaiser: \$10	Self-Funded PPO Traditional Plan: \$10 - \$15 Kaiser: \$10 - \$15	Self-Funded PPO Traditional Plan: \$100 per person per calendar year (family maximum of three individual deductibles per calendar year) Kaiser: \$0	Self-Funded PPO Traditional Plan: United Health Care Kaiser: Available through Kaiser	Self-Funded PPO Traditional Plan: None Kaiser: Yes with Senior Advantage only
July 1, 2012 and after- We no offer three medical plan options 1. PPO Traditional with in and out of network benefits 2. PPO Lite with in-network benefits only 3. Kaiser HMO plan	Self-Funded PPO: Traditional Plan: \$10 Lite: \$10 Kaiser: \$0 For Locals 39 and 1021: PPO Traditional: \$15 PPO Lite: \$15 Kaiser: \$15	Self-Funded PPO: Traditional Plan: \$10 - \$15 Lite: \$10 - \$15 Kaiser: \$10 - \$15 For Locals 39 and 1021: PPO Traditional: \$10 - \$20 PPO Lite: \$10 - \$20 Kaiser: \$10 - \$20	Self-Funded PPO Plan: \$100 per person per calendar year (family maximum of three individual deductibles per calendar year) Kaiser: \$0 For Locals 39 and 1021: Same as for all others	Self-Funded PPO Plan: United Health Care Kaiser: Available through Kaiser For Locals 39 and 1021: Same as for all others	Self-Funded PPO Plan: None Kaiser: Yes with Senior Advantage only For Locals 39 and 1021: Same as for all others

*See the Summary Plan Description for specific plan details.

Post-retirement monthly premium costs are determined by:

- District affiliation
- Medical plan enrollment
- Coverage level

Post-employment enrollment into the Self-Funded PPO Traditional Plan requires monthly payment of premiums.

Post-employment enrollment into the Self-Funded PO Lite Plan and/or Kaiser Plan does not require monthly premiums.

SECTION IV. RETIREES' AND FUTURE RETIREE'S LIFETIME HEALTH BENEFITS DATA AS OF MAY 17, 2016

➤ Change in Health Benefits Plan affecting future retirees as of July 1, 2012:

- Effective July 1, 2012, through the Collective Bargaining process, the District implemented a cap on the most expensive benefits plan which is the PPO.
 - ❑ Number of retirees who are eligible for Lifetime Health Benefits and enrolled in the fully-paid District's PPO Plan prior to July 1, 2012: 458
 - ❑ Number of individuals who retired after July 1, 2012, who are eligible for Lifetime Health Benefits and elected to remain in the PPO Plan at the level of the employee's contribution: 22, including those with intent to retire through August 2016.

- Fiscal Years 2015-2016 & 2016-2017 Retirements (effective through August 2016):

District Affiliation	2015-2016	2016-2017 Letters of intent on file through August
1021	4	0
PFT	8	1
39	2	0
Managers/Administrators	1	0
Confidentials	1	0