# Retirement Policy Guidelines

ACWA JPIA permits employers to provide qualifying employees with post-employment benefits. Employers are required to establish and maintain a Retiree Policy that meets the requirements and guidelines established by the JPIA and the Insurance Carriers. The JPIA staff does not retain each employer's retiree policy information for the purpose of advising employers' retirees on regarding eligibility requirements. All retirement policies require Board approval and must be presented to the JPIA at implementation and upon request.

The JPIA has established base guidelines for Retirement Policies. Employer guidelines may be more or less generous, so long as they do not violate the guidelines provided here. The JPIA has not determined a minimum years of service guideline. This is at the discretion of each member agency's Board. Employer policy must be documented and adhered to without exception. The following is a summary of the JPIA retiree health plan guidelines:

- Employee must be at least age 50 at the time of retirement. Exceptions to the minimum age requirement are not available for early disability retirements.
- Retirees must meet years of service and age requirements in employer's written policies to be eligible for retiree coverage.
- New in 2016: Employer must contribute at least 25% of the retiree only premium for the least cost plan for which the retiree is eligible. (If the employer is on the Incentive rating system, the employer must contribute 50% of the retiree only premium for the least cost plan for which the retiree is eligible.)
- Retirees may not reimburse the employer for the employer share of the premium. This is considered “self-pay” and is prohibited in all JPIA plans.
- Employer contributions for the retiree’s dependents may be at any level.
- Employees must enroll in the plan they wish to retire into during the Open Enrollment period prior to retirement, unless the employer's policy offers Open Enrollment annually to all retirees.
- There can be no lapse in coverage between the date of retirement and the date retiree benefits begin. The employee must transfer from active status directly to retired status. The employee may not go from Active to COBRA to Retiree benefits eligible.
- If at any time a retiree is removed from the policy, he/she will not be eligible for reinstatement.
- Employer may provide a Surviving Spouse Policy. This should be documented clearly in employer policies.

There are many options when constructing a Retirement Policy. It is imperative for an employer, in the process of implementing a *new* policy, to be aware that the JPIA will not enroll past retirees who are not currently enrolled in the employer's health plans at the time of transition in the JPIA health plans. However, once a policy is in-force the employer should apply the policy consistently and without discrimination to all employees who meet the established criteria. If a retiree does not meet the criteria set forth in the employer's retirement policy, the retiree may exercise his/her applicable COBRA rights.

## PLAN SELECTION

**Option A:** Employees must enroll in the medical plan they wish to remain on post-employment during the Open Enrollment period prior to retirement. Allowed changes:

1. A retiree may disenroll at any time but may not reenroll at a later date.
2. A retiree may delete a dependent at any time but may not reenroll the dependent at a later date, unless #4 below applies.
3. If a retiree is on an HMO plan and relocates to a non-HMO service area, he/she will be given an opportunity to enroll in the employer s PPO plan. If the retiree moves back into the HMO service area, the retiree may reenroll in the HMO.
4. The retiree may add dependents not previously enrolled only *if* the employer's existing written policy permits the addition *and* there is a HIPAA qualifying event *and* the dependent can show proof of continuous coverage since loss of coverage under the JPIA's plan.
5. The retiree may change from the plan with higher monthly retiree premium cost to the plan with lower retiree monthly premium cost at any time, but may not switch back.

**Option B:** Employers may choose to offer Open Enrollment rights to retirees. This must be documented in the employer's written policies. The employer is responsible to distribute all required notices, including Summary of Benefits and Coverages (SBCs) for every plan for which the retiree is eligible, during the annual Open Enrollment period. Open Enrollment does not permit enrollment of new retirees or new dependents, who were not previously enrolled. Open Enrollment simply permits plan changes for enrolled retirees and dependents. **Should the employer elect to offer Open Enrollment to retirees, all of the above changes are still permissible except #5.** If Open Enrollment is available, mid-year changes due to premium differences are not permitted.

## SURVIVING SPOUSE PROCEDURES

Participating employers may institute a policy to provide coverage for surviving family members of a retiree who dies while covered under this plan. When such coverage is available, the employer will then provide premium contribution at the same level provided for the enrollee. Coverage will then continue for the enrolled family members until one of the following occurs:

1. The surviving spouse remarries;
2. Subscription charges are not paid for on the members behalf;
3. The group cancels coverage for the class of subscribers to which the member belongs;
4. The agreement between the employer and JPIA terminates;
5. The child no longer meets all of the conditions of coverage;

6. The member becomes covered under another group health plan.

Although the JPIA provides the option to implement a surviving spouse policy that best suits the individual employer's needs, we suggest limiting the extension of surviving spouse benefits to the *spouse that was enrolled on the plan* at the time the employee retired. This helps to avoid prolonged financial liability by the employer.

## DIRECTOR RETIREMENT BENEFITS

Government Code Section 53201 states that any director, who takes office on or after January 1, 1995, will not be eligible for benefits upon retirement, regardless of the number of years served. A director who took office prior to that date and whose local employer was providing benefits for retired directors prior to January 1, 1994, would be eligible for benefits upon completion of 12 years of service. The law does allow for the extension of benefits to retired directors providing public funds are not utilized. However, the JPIA plans do not permit “self-pay” by any enrollees.

## DENTAL AND VISION GUIDELINES

For any retiree that is offered continuation of dental and/or vision benefits, the employer must pay at least 50% of the retiree-only portion. The employer may not pay the premiums to ACWA/JPIA and have the retiree reimburse the employer. This is considered “self-pay” which is prohibited.

## MEDICARE ENTITLED RETIREES

**Effective January 1, 2015, enrollment in Medicare Part A and Medicare Part B is required upon a retiree's eligibility for the plans.** This must occur by the later of the two dates: Medicare eligibility and retirement. This is true for both Anthem and Kaiser retiree plans.

**Anthem Blue Cross** –The ACWA/JPIA sponsored Anthem Blue Cross plans are not Medicare supplement plans. Anthem Blue Cross will coordinate benefits with Medicare. Upon enrollment in Medicare Parts A and B, retirees will also be enrolled in Medicare Part D for prescription coverage as part of the ACWA/JPIA retiree with Medicare health plans. No action is required on the part of the retiree, unless the retiree wishes to waive all prescription benefits. Medicare permits enrollment in only one Part D plan, so the retiree may choose to keep existing Part D coverage and waive ACWA/JPIA prescription coverage.

The Anthem Blue Cross “Coordination of Benefits” definition is as outlined in the Evidence of Coverage booklet. That coordination is summarized briefly here.

Anthem Blue Cross will not provide benefits under this plan that duplicate any benefits to which a participant would be entitled under Medicare. When a retiree is enrolled in Medicare, Medicare coverage will coordinate with the services covered under this plan as follows:

1. Medicare must provide benefits first to any services covered both by Medicare and under this plan.
2. For services received that are covered both by Medicare and under this plan, coverage under this plan will apply only to Medicare deductibles, coinsurance, and other charges for covered services over and above what Medicare pays.
3. For any given claim, the combination of benefits provided by Medicare and the benefits provided under this plan will not exceed covered expense for the covered services.
4. Anthem will apply any changes paid by Medicare for services covered under this plan toward the plan deductible, if any.

**Kaiser** – Retirees choosing Kaiser for post-employment medical coverage will be enrolled in the same plan design as actives. Upon enrollment in Medicare Parts A and B, enrolled retirees should assign Medicare benefits to Kaiser and complete a Kaiser Senior Advantage Application. Should the retiree not assign Medicare benefits and complete the Senior Advantage Application form, the "unassigned" Medicare premium will apply. This premium is typically three times the premium for an active Kaiser plan. Should "unassigned" rates apply, the employer has the option to cease offering the benefit, continue to offer the benefit and make the retiree responsible for the increased premium or pay the higher "unassigned" rate on behalf of the retiree.