

# **BENEFITS REVIEW FORUM AGENDA**

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**Wednesday, October 31, 2012**

9:00 a.m. – 11:30 a.m.

City Hall Wing, Room W-262

## **PURPOSE**

To recommend benefit programs, facilitate approval on meet and confer issues, and communicate with participants in order for stakeholders to receive the maximum value from and understanding of the benefit programs.

## **PROCESS**

### **1. REVIEW AGENDA**

### **2. CONFIRM COMPLETION OF PRIOR ACTION ITEMS**

- Medical Plan Comparison – include definitions of deductible and out-of-pocket maximums. Draft documents e-mailed on 10/12/12. (Benefits)
- Revise FT Student Verification Letter and policy to make clear that verification is required this year and what needs to be provided. Revisions implemented and letters mailed on 10/12/12. (Benefits)
- Provide information on the cost of health care reform provisions that were required to be included in the City's health plans due to loss of grandfathered status (Benefits)

### **3. PERIODIC REPORTS AND PRESENTATIONS**

- N/A

### **4. SIGNIFICANT DISCUSSION ITEMS**

- 2013 Open Enrollment: Wednesday, October 31 – Friday, November 16, 2012
  - Benefits Fair: Thursday, November 1, 2012; 10:30 a.m. – 2:00 p.m.; City Hall Rotunda
  - Open Enrollment website: [www.sanjoseca.gov/humanresources/OE2013.asp](http://www.sanjoseca.gov/humanresources/OE2013.asp)
- Options for active Employees/Spouses turning 65

### **5. SUBCOMMITTEE MEETING DATES AND REPORTS**

- Volunteers needed for Long Term Care RFP

### **6. RETIREMENT UPDATE**

- 2013 Open Enrollment: Tuesday, November 1 – Friday, November 30, 2012
  - Retiree Health Fair: Tuesday, November 13, 2012: 10:00 a.m. – 2:00 p.m.; Retirement Services Department Board Room

### **7. LEGISLATIVE UPDATES**

### **8. IDENTIFY ITEMS FOR FUTURE DISCUSSION**

### **9. WRAP-UP MEETING**

- Review Action Items
- Next Meeting: Wednesday, December 5, 2012; 9:00 a.m. - 11:00 a.m., City Hall Wing, Room W-262

October 26, 2012

Name  
Address  
City State Zip

Dear Retiree/Beneficiary:

Starting January 1, 2013, new health plans will be available to retirees and survivors. The plans have lower premiums, increased co-pays, and new or increased deductibles. A brief comparison of the new and current plans is enclosed to illustrate some of the differences in the benefit structures.

During Open Enrollment, you have the opportunity to enroll in a new plan or continue with your current \$25 Co-Pay plan. **Medicare** members enrolled in a Medicare plan will stay enrolled in their current plan.

The table below lists your current insurance plans, your monthly premium contributions for 2012, and the corresponding premiums contributions for 2013:

<b>Your Current Insurance Plans:</b>	<b>Your 2012 Monthly Premium</b>	<b>Your 2013 Monthly Premium</b>
<b>Medical:</b> Blue Shield Family POS - \$25 Copay	\$569.82	<b>\$801.12</b>
<b>Dental:</b> Delta Dental PPO	\$0.00	<b>\$0.00</b>
<b>Vision:</b> VSP Signature – Single	\$12.00	<b>\$12.04</b>

**NO ACTION IS REQUIRED TO KEEP THE PLANS LISTED IN THE TABLE ABOVE: THE RATES ON THE RIGHT COLUMN WILL APPLY FOR 2013.**

Both Kaiser and Blue Shield will have representatives in Retirement Services, 1737 N First St Suite 600 (Board Room – 6<sup>th</sup> Floor) providing educational sessions for the new plans on the following dates and times:

	<b>10:00 – 11:00 am</b>	<b>2:00 – 3:00 pm</b>
Monday, November 5	Kaiser	Blue Shield
Thursday, November 8	Blue Shield	Kaiser
Friday, November 16	Kaiser	Blue Shield
Monday, November 26	Blue Shield	Kaiser
Thursday, November 29	Kaiser	Blue Shield

The Patient Protection and Affordable Care Act (PPACA) require employers to provide a summary of benefits and coverage (SBC) to participants and beneficiaries **NOT** enrolled in a Medicare plan. The primary objective of the SBC is to enable participants to compare coverage options easily and better understand their health benefits. Enclosed is the SBC that pertains to the plan you are currently enrolled in. Visit our website [www.sjretirement.com](http://www.sjretirement.com) to view a separate SBC for each option, or contact us to request hardcopies.

The vision premiums will be increasing to accommodate a change in payment and fee structure for the City's Benefits Consultant.

Starting November 1, 2012, you can visit our website [www.sjretirement.com](http://www.sjretirement.com) and use Web Member Services (WMS) to enroll and obtain information on other eligible plans available to you including the premium associated with each. If you are unable to attend an education session, links to the presentations can be found on the website as well.

Open Enrollment changes must be submitted by **November 30, 2012**, and are effective January 1, 2013. The premium changes will reflect on your December 31, 2012 pension check. After you complete and sign the form, mail or fax it by November 30, 2012. Our address & fax number are on the bottom of the page.

To request that a full open enrollment packet be mailed to you or if you have questions, call Carol Bermillo on (408) 794-1018 or toll free (800) 732-6477.

The Retiree Health Fair is scheduled for Tuesday, November 13, 2012 from 10am to 2pm in the Board Room, Suite 600. Kaiser will be at the Fair providing **FREE** flu shots, and Blue Shield will be providing **FREE** Bio Metric screenings.

<b>Provider Presentation Schedule</b> <b>1737 N First St, 6<sup>th</sup> Floor – Small Conference Room</b>	
<b>Company</b>	<b>Time</b>
Kaiser Permanente	10:00 AM
Delta Dental	10:30 AM
Blue Shield of California	11:00 AM
UHC Sr. Supplement/Group Med Advantage	11:30 AM
Kaiser Permanente	12:00 PM
Trustmark (Voluntary Benefits)	12:30 PM
Blue Shield of California	1:00 PM
Social Security Administration	1:30 PM

**2013 MANDATED CHANGES** Health plan providers may unilaterally implement changes to their plan designs (including changes to co-pays, formulary drugs, etc.) in order to enhance their plans or manage insurance costs. The health plan carriers are also subject to regulatory constraints and other external factors that may require them to implement changes. Please note that the following changes to the City's respective plans will start effective January 1, 2013:

### **Kaiser Permanente 2013 Plan Changes**

#### **Women's Preventive Services**

Per the Affordable Care Act, the following preventive services for women will have no cost sharing: annual well-woman exam; family planning counseling and a variety of FDA-approved contraceptive methods; breastfeeding support, supplies, and counseling; gestational diabetes screening; domestic violence screening and counseling; and HIV screening and counseling.

#### **Treatment for Autism Spectrum Disorders**

Senate Bill (SB) 946 requires health plans in California to cover "behavior health treatment" for autism spectrum disorders (ASD) when the services are medically necessary. Under the new law, members can receive behavioral health treatment, which may include applied behavior analysis and other behavior intervention programs that are designed to help develop or restore functioning in members who have ASD. This will complement the health care services we already provide to children with ASD, such as evaluation and assessment, medication management, rehabilitative therapy, and individual and family psychotherapy. In addition, we are expanding our contracted network to include qualified autism service providers, so we can offer members the newly required behavioral health treatment.

### **Blue Shield 2013 Plan Changes**

#### **All medical plans - Mental Health Benefits**

To comply with state mandate (SB 946) Behavioral Health Treatment is added to the Mental Health Benefits section. Services provided in an office location will be the same copayment as Outpatient Rehabilitation benefit provided in an office location. Behavioral Health Treatment provided in the home or other setting (non-institutional) will be the same copayment as Home Health Care Agency benefit. All Behavioral Health Treatment services must be obtained from MHSA Participating Providers. There is no visit limit for these services. Prior authorization is required by MHSA.

#### **All medical plans - Women's Preventive Services**

Due to the Federal Patient Protection and Affordable Care Act (PPACA), the family planning counseling and consulting benefit will change from the plan copayment value to no charge and select contraceptives, including diaphragms, covered under the outpatient prescription drug benefits will no longer require a copayment. In addition, select contraceptives may need prior authorization.

#### **All medical plans - Phenylketonuria (PKU) services**

Prior authorization is no longer required for PKU-related formulas and special food products. **The requirement is being removed to be consistent with our benefit administration guidelines.**

#### **All POS plans - Clinical trial for cancer services**

To be consistent with similar Level II & III benefits, the clinical trials for cancer services benefit for Levels II & III is changing from "no charge" to "not covered."

#### **All POS plans - Physician office visits for diaphragm fitting or injectable contraceptives**

To be consistent with similar family planning benefits in the plan, the Level I benefit is changing from \$10 per visit to "no charge," and the Level II & III benefits are changing from a copayment percentage to "not covered."

#### **All POS plans - Speech therapy benefits**

Because there is no preferred network for licensed speech therapists, the Level III copayment for speech therapy services provided by a licensed speech therapist is changing to match the Level I copayment.

## New Deductible Health Plans for 2013

Effective January 1, 2013, both Kaiser Permanente and Blue Shield of California will be offering New Deductible Health Plans for retirees **NOT** enrolled in Medicare.

Members currently enrolled in a Medicare plan will continue to be enrolled in their current plan. Refer to the table on the cover letter for the 2013 monthly premium.

Retirees can choose to enroll in a new plan or continue enrollment under their current plan. If you decide to make a change, the open enrollment form must be submitted to Retirement Services by **November 30, 2012**.

The following tables illustrate some of the differences between the **non-Medicare** plans:

<b>Benefit:</b>	<b>Kaiser Permanente</b>	
	Current \$25 Co-Pay	New Deductible HMO (DHMO)
Annual out-of-pocket Maximum	\$1,500/\$3,000	<b>\$4,000/\$8,000</b>
Annual Deductible	None	<b>\$1,500/\$3,000</b>
Office Visit	\$25	<b>\$40</b>
Emergency Room	\$100	<b>30% coinsurance</b>
Hospital Care	\$100	<b>30% coinsurance</b>
Prescription Drug (30-day supply):		
Generic	\$10	<b>\$10</b>
Brand	\$25	<b>\$30</b>
Non-Formulary	N/A	<b>N/A</b>
Retiree Monthly Premium		
• Single	\$126.10	<b>\$0.00 - (lowest cost plan)</b>
• Family	\$314.00	<b>\$0.00 - (lowest cost plan)</b>

<b>Benefit:</b>	<b>Blue Shield HMO</b>		<b>Blue Shield PPO</b>	
	Current \$25 Co-Pay	New \$45 Co-Pay	Current \$25 Co-Pay	New \$30 Co-Pay
Annual out-of-pocket Maximum	\$1,000/\$2,000	<b>\$3,500/\$7,000</b>	\$2,000/\$4,000	<b>\$7,000/\$14,000</b>
Annual Deductible	None	<b>Rx only*</b>	\$100/\$200	<b>\$3,500/\$7,000</b>
Office Visit	\$25	<b>\$45</b>	\$25	<b>\$30</b>
Emergency Room	\$100	<b>\$200</b>	\$100	<b>\$100 + 20%</b>
Hospital Care	\$100	<b>50% coinsurance</b>	Tier 1 – \$100 + 10% Tier 2 – 30%	<b>Tier 1 – \$250 + 20% Tier 2 – 40%</b>
Prescription Drug (30-day supply):				
Generic	\$10	<b>\$15</b>	\$10	<b>\$15</b>
Brand	\$25	<b>\$30*</b>	\$25	<b>\$30*</b>
Non-Formulary	\$40	<b>50%*</b>	\$40	<b>50%*</b>
		<b>*\$250 deductible</b>		<b>*\$250 deductible</b>
Retiree Monthly Premium				
• Single	\$165.86	<b>\$ 62.42</b>	\$297.50	<b>\$130.16</b>
• Family	\$462.12	<b>\$196.38</b>	\$801.12	<b>\$371.04</b>

(OVER)

Both Kaiser and Blue Shield will have representatives in Retirement Services, 1737 N First St Suite 600 (6<sup>th</sup> Floor Board Room) providing educational sessions on the following dates and times:

	10:00 – 11:00 am	2:00 – 3:00 pm
Monday, November 5	Kaiser	Blue Shield
Thursday, November 8	Blue Shield	Kaiser
Friday, November 16	Kaiser	Blue Shield
Monday, November 26	Blue Shield	Kaiser
Thursday, November 29	Kaiser	Blue Shield

### **Common Terms**

**Annual out-of-pocket maximum:** The maximum amount you'll pay for certain covered services in a calendar year. Once you've reached the maximum, you won't have to pay any deductibles, copays, or coinsurances for most covered services for the rest of the calendar year. Not all services apply toward the annual out-of-pocket maximum like prescriptions, durable medical equipment, and infertility services.

**Coinsurance:** The percentage of charges you pay when receiving certain covered services. For example, 30 percent coinsurance for hospitalization means you pay 30 percent of the charges for covered hospital services. Coinsurance, which varies depending on your plan, doesn't apply toward your deductible. But it does count toward your annual out-of-pocket maximum.

**Copayment (or copay):** The fixed amount you pay when you received certain covered services or prescriptions. For example, a \$25 office visit copay means you pay \$25 for each office visit. Copayments, which vary depending on your plan, don't apply toward your deductible. But they do count toward your annual out-of-pocket maximum.

**Deductible:** The set amount you need to pay in a calendar year before Kaiser or Blue Shield provide most covered services at a copay or coinsurance. Not all services may count toward the deductible.

## INS 100

## DEPARTMENT OF RETIREMENT SERVICES

[www.sjretirement.com](http://www.sjretirement.com)

MEDICAL, DENTAL, AND VISION OPEN ENROLLMENT FORM (rev. Aug. 2012)



<input type="checkbox"/> Police & Fire	Retiree/Survivor Last Name		First Name		M.I.	<input type="checkbox"/> Male	<input type="checkbox"/> Single		
<input type="checkbox"/> Federated						<input type="checkbox"/> Female	<input type="checkbox"/> Married		
Retirement Date	Street Address		City		State	Zip	<input type="checkbox"/> Domestic Partnership		
Social Security Number (SSN)		Birth Date	Email Address:			Home Phone ( )			
<b>CURRENT Medical Plan:</b> Kaiser Permanente <input type="checkbox"/> \$25 Plan <input type="checkbox"/> Sr. Advantage <input type="checkbox"/> MOOA <input type="checkbox"/> Cost Blue Shield <input type="checkbox"/> \$25 HMO <input type="checkbox"/> \$25 POS <input type="checkbox"/> \$25 PPO Blue Shield Medicare <input type="checkbox"/> HMO <input type="checkbox"/> PPO UHC <input type="checkbox"/> Sr. Supplement <input type="checkbox"/> Group Medicare Advantage			Coverage Type: <input type="checkbox"/> Single <input type="checkbox"/> Family		<b>CURRENT Dental Plan:</b> <input type="checkbox"/> None <input type="checkbox"/> Delta PPO <input type="checkbox"/> DeltaCare USA		<b>CURRENT Vision Plan:</b> Coverage Type: <input type="checkbox"/> None <input type="checkbox"/> Member <input type="checkbox"/> VSP - Signature <input type="checkbox"/> Member +1 <input type="checkbox"/> VSP - Choice <input type="checkbox"/> Member +2		
<b>NEW Medical Plan:</b> <input type="checkbox"/> No Change Kaiser <input type="checkbox"/> DHMO <input type="checkbox"/> \$25 Plan <input type="checkbox"/> Sr. Advantage Blue Shield <input type="checkbox"/> \$45 HMO <input type="checkbox"/> \$25 HMO <input type="checkbox"/> \$25 POS <input type="checkbox"/> \$30 PPO <input type="checkbox"/> \$25 PPO Blue Shield Medicare <input type="checkbox"/> HMO <input type="checkbox"/> PPO UHC <input type="checkbox"/> Sr. Supplement <input type="checkbox"/> Group Medicare Advantage <input type="checkbox"/> Terminate Medical			Plan Code	Coverage Type: <input type="checkbox"/> Single <input type="checkbox"/> Family		<b>NEW Dental Plan:</b> <input type="checkbox"/> No Change <input type="checkbox"/> Delta PPO <input type="checkbox"/> DeltaCare USA <input type="checkbox"/> Terminate Dental		<b>NEW Vision Plan:</b> Coverage Type: <input type="checkbox"/> No Change <input type="checkbox"/> Member <input type="checkbox"/> VSP - Signature <input type="checkbox"/> Member +1 <input type="checkbox"/> VSP - Choice <input type="checkbox"/> Member +2 <input type="checkbox"/> Terminate Vision	

## DEPENDENT INFORMATION

**This form supersedes all previous enrollment forms, please list ALL dependents. ONLY those listed below will be covered.**

Relation	FTS** Y / N	M/F	Last Name	First Name	Birth Date	SSN	Dependent(s): Enter "A" to add or "D" to delete		
							Medical	Dental	Vision
<input type="checkbox"/> Spouse <input type="checkbox"/> DP*	n/a								
Child**									
Child**									
Child**									

\* Domestic Partner (DP)/child: The difference between the family rate and single rate will be taxable to the retiree unless DP and/or child qualifies as a dependent as defined by the IRS.

\*\*If your dependent child is 19 years or older, please provide a copy of their full-time student (FTS) status verification if enrolling in dental and/or vision coverage.

## OTHER INSURANCE INFORMATION

Are you or your dependent(s) covered under another Medical plan? <input type="checkbox"/> No <input type="checkbox"/> Yes, complete the following information: Insurance Company name & telephone number:	<b>BLUE SHIELD HMO/POS and UHC Group Medicare Advantage PARTICIPANTS:</b> You must live within the plan's HMO service area in order to enroll in either Blue Shield's HMO or POS plans, or the UHC Group Medicare Advantage plan. You must choose a Primary Care Physician (PCP) when you enroll; otherwise, one will be assigned to you.  Subscriber: _____ PCP & Medical Group: _____ Dependent: _____ PCP & Medical Group: _____ Dependent: _____ PCP & Medical Group: _____
Are you or your dependent(s) covered under another Dental plan? <input type="checkbox"/> No <input type="checkbox"/> Yes, complete the following information: Insurance Company name & telephone number:	
Are you or your dependent(s) entitled to benefits under Medicare? <input type="checkbox"/> No <input type="checkbox"/> Yes, submit copy of Medicare card if you have not already.	
<b>If enrolling or disenrolling from a Medicare Plan, please call the office on (408) 794-1000 or 1(800) 732-6477 to request the necessary forms.</b>	

**Kaiser Foundation Health Plan Arbitration Agreement:** I understand that (except for Small Claims Court cases, claims subject to a Medicare appeals procedure, and, if I am enrolled in coverage that is subject to the ERISA claims procedure regulation (29 CFR 2560.503-1), certain benefit-related disputes), any dispute between myself, my heirs, relatives, or other associated parties on the one hand and Health Plan, its health care providers, or other associated parties on the other hand, for alleged violation of any duty arising out of or related to membership in Health Plan, including any claim for medical or hospital malpractice (a claim that medical services were unnecessary or unauthorized or were improperly, negligently, or incompetently rendered), for premises liability, or relating to the coverage for, or delivery of, services or items, irrespective of legal theory, must be decided by binding arbitration under California law and not by lawsuit or resort to court process, except as applicable law provides for judicial review of arbitration proceedings. I agree to give up our right to a jury trial and accept the use of binding arbitration. I understand that the full arbitration provision is contained in the *Evidence of Coverage*.

Signature Required for Kaiser Permanente Traditional Plan or Senior Advantage Plan

Date

**AUTHORIZATION:** I authorize my health plan carrier to release or obtain medical information on myself and covered dependents to or from health care providers/ agencies for the purpose of providing necessary health care services, utilization review, quality assurance, surveys, processing of claims, financial audit or purposes reasonably related to the performance of the agreement or policy. I acknowledge that I have read and understand this application in its entirety. I hereby certify that all information on this form is true and correct.

Retiree/Survivor Signature:

Date Signed:

☐ Check box if you would like an acknowledgement of the changes above (all plan changes above will reflect on your December 31, 2012 pension check).

For City of San José Department of Retirement Services Use Only

Group No.:

Coverage Effective Date: January 1, 2013

Comment:

☒ OPEN ENROLLMENT: ☐ Deleting Dependent ☐ Adding Dependent:



## Open Enrollment On-Line Forms

There are 2 versions of our Open Enrollment Form:

- ◆ The Electronic version (Open Enrollment Form – Electronic) allows you to complete the enrollment form on-line, print it out and either mail, fax, or send it electronically to Retirement Services. **You will be required to log-in to Web Member Services (WMS) in order to complete the form on-line. Have your Web member Services Username and Password handy.** Call our office if you have problems logging in.
- ◆ The Printout version (Open Enrollment Form) simply allows you to download and print the form so you can complete it by hand, and mail or fax it to Retirement Services.

### Instructions:

1. Open [www.sjretirement.com](http://www.sjretirement.com) in a browser window, and select the website for either the Federated Plan or Police & Fire Plan.
2. Click on the Open Enrollment Tab (top, right hand corner) and scroll down to the Open Enrollment Form section.
3. Click on the version of the form that you want to use (Electronic or Printout).
4. If you choose the Printout version, follow the instructions for printing the form, complete and sign the form, and mail it to Retirement Services, 1737 N First St Suite 580, San José, CA 95112 or fax it to (408) 392-6732.
5. If you choose the Electronic version, you will be asked to log in (**have your WMS Username and Password handy**), and a partially filled form will appear. Do the following:
  - a. Type your information on the form.
  - b. At the bottom, you will see two buttons; “Review, Print and Send” or “Review, Send Electronically.”
    - i. If you choose the “Review, Print and Send” option, the completed form will be displayed for your review. Check that the information is correct (to make corrections click the “Back” button), then click the “Confirm and Print” to print the form. Mail the completed, signed form to Retirement Services, 1737 N First St Suite 580, San José, CA 95112 or fax it to (408) 392-6732.
    - ii. If you choose the “Review, Send Electronically” option, you **must** check the circle that reads “I understand and agree to electronic form submission of my Open Enrollment changes”, and **then click** on the “Review, Send Electronically” button. The following message will pop-up “Are you or one of your dependents Medicare Eligible? Yes or No.”
      1. If you select “Yes”, the following message will pop-up: “*At this time the insurance carriers require a signature on the form, please print out and sign the form, then forward it to the Retirement Services Dept.*” To get out of the message click “Yes” and follow the “Review, Print and Send” option at the bottom of the page (same step as 5.b.i. above).
      2. If you or your dependents are not Medicare eligible, then click “No”. The completed form will be displayed for your review. Check that the information is correct (to make correction click the “Back” button), and for a second time click the “**Submit Electronically**” button which can be located by scrolling to the bottom of the form. Your completed form will be e-mailed to Retirement Services automatically. If you do not receive an auto-reply saying that your form has been sent, call the office.

For assistance, call Retirement Services on 1 (800) 732-6477 or (408) 794-1000 and ask for May Cheung, Barbara Hayman, or Toni Johnson.



October 26, 2012

Name  
Address  
City State Zip

Dear Retiree/Beneficiary:

Open enrollment is November 1 – 30, 2012 for coverage changes effective January 1, 2013. This is your once-a-year opportunity to make changes to your medical, dental, and vision plans.

The table below lists your current insurance plans, your monthly premium contributions for 2012, and the corresponding premiums contributions for 2013:

<b>Your Current Insurance Plans:</b>	<b>Your 2012 Monthly Premium</b>	<b>Your 2013 Monthly Premium</b>
<b>Medical:</b> Kaiser Family Cost Plan	\$351.98	<b>\$494.34</b>
<b>Dental:</b> Delta Dental PPO	\$0.00	<b>\$0.00</b>
<b>Vision:</b> VSP Choice - Single	\$12.62	<b>\$12.66</b>

**NO ACTION IS REQUIRED TO KEEP THE PLANS LISTED IN THE TABLE ABOVE: THE RATES ON THE RIGHT COLUMN WILL APPLY FOR 2013.**

Visit our website [www.sjretirement.com](http://www.sjretirement.com) to obtain information on other eligible plans available to you including the premium associated with each.

To enroll in any other supplemental Medicare plan, you **MUST** complete a special enrollment form in addition to the enclosed Medical, Dental, and Vision Enrollment Form, and attach a copy of your Medicare card. Please call Retirement Services to request the necessary forms.

If you choose to disenroll from Kaiser Senior Advantage or UHC Group Medicare Advantage, you **MUST** complete a disenrollment form to unassign your Medicare coverage for future use. Call Retirement Services to request the necessary form.

The vision premiums will be increasing to accommodate a change in payment and fee structure for the City's Benefits Consultant.

Open Enrollment changes must be submitted by November 30, 2012, and are effective January 1, 2013. The premium changes will reflect on the December 31, 2012 pension check. After you have completed and signed the forms, mail or fax them by **November 30, 2012**. Our address & fax number are on the bottom of the page.

To request that a full open enrollment packet be mailed to you or if you have questions, call Carol Bermillo on (408) 794-1018 or toll free (800) 732-6477.

Please make note that you must update Retirement Services regarding dependent status within 30 days of a change (such as divorce, death, no longer a full time student, etc...) or you could be liable for any costs associated with the insurance coverage.

Visit our website [www.sjretirement.com](http://www.sjretirement.com) to find open enrollment information and other items such as a change of address form, meeting agendas, class schedules, and much more.



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City of San José  
Department of Retirement Services

**2013 Non-Medicare  
Monthly Retiree Rates**

Lowest Cost Plan Available to Active Employees:		Kaiser Family: 1,139.70		Kaiser Single: 457.70	
Provider	Coverage	Plan Code Write this code in the box provided on the Enrollment Form	Retiree Pays	Fund Pays	Total Monthly Premium
<b>Kaiser Deductible HMO Plan (California)</b>					
<b>GROUP#s:</b>					
887-27 (Northern CA)	Single (Retiree or Survivor)	SDHMO	0.00	457.70	457.70
887-99 (NCA Survivor)	Family	KDHMO	0.00	1,139.70	1,139.70
230179-28 (Southern CA)					
230179-29 (SCA Survivor)					
<b>Kaiser \$25 Co-Pay Plan (California)</b>					
<b>GROUP#s:</b>					
887-26 (Northern CA)	Single (Retiree or Survivor)	S	126.10	457.70	583.80
887-98 (NCA - Survivor)	Family	K	314.00	1,139.70	1,453.70
230179-100 (Southern CA)					
230179-98 (SCA Survivor)					
<b>Blue Shield HMO Plan - \$45 Co-Pay (California)</b>					
Group# H12079	Single HMO (Retiree or Survivor)	VS45	62.42	457.70	520.12
	Family HMO	VF45	196.38	1,139.70	1,336.08
<b>Blue Shield HMO Plan - \$25 Co-Pay (California)</b>					
Group# H12020	Single HMO (Retiree or Survivor)	VS	165.86	457.70	623.56
	Family HMO	VF	462.12	1,139.70	1,601.82
<b>Blue Shield POS Plan - \$25 Co-Pay (California)</b>					
Group# MH0241	Single POS (Retiree or Survivor)	X	297.50	457.70	755.20
	Family POS	Y	801.12	1,139.70	1,940.82
<b>Blue Shield PPO Plan - \$30 Co-Pay (California and Out-of-State)</b>					
Group# 976153	Single PPO (Retiree or Survivor)	U30	130.16	457.70	587.86
	Family PPO	B30	371.04	1,139.70	1,510.74
<b>Blue Shield PPO Plan - \$25 Co-Pay (California and Out-of-State)</b>					
Group# 975993	Single PPO (Retiree or Survivor)	U	297.50	457.70	755.20
	Family PPO	B	801.12	1,139.70	1,940.82

**Coverage Abbreviations:**

MB = Member	SH = UHC Group Medicare Advantage (previously Secured Horizons)
SP = Spouse	SHS = PacifiCare Sr. Supplement Plan F
CH = Child(ren)	SA = Kaiser Permanente Sr. Advantage
M = Medicare	NSA = Non-Sr. Advantage (Traditional Plan)
	MOA = Kaiser Medicare Out-of-Area Plan

\*Police & Fire Retirees are eligible to receive a credit for their monthly Medicare Part B premium when their current plan premiums cost the Fund less than the maximum monthly contribution. The Member is eligible to receive reimbursement based on the difference between the maximum contribution amount and the actual monthly premium.

**City of San José**  
**Department of Retirement Services**

**2013 Medicare**  
**Monthly Retiree Rates**

Lowest Cost Plan Available to Active Employees:		Kaiser Family:	1,139.70	Kaiser Single:	457.70	Available for P&F* Member's Medicare Part B Rmbrsmt.
Provider	Coverage	Plan Code Write this code in the box provided on the Enrollment Form	Retiree Pays	Fund Pays	Total Monthly Premium	
Kaiser - Senior Advantage (California) Medicare HMO Plan						
Group#s:	Single MB(SA) - Retiree or Survivor	A	0.00	256.01	256.01	201.69
887-26 (Northern CA)	Family MB(SA) SP(SA)	A2	0.00	512.02	512.02	627.68
887-98 (Survivor)						
230179 (Southern CA)						
Kaiser - Medicare Cost (Closed to new enrollees )						
Group# 887	Single MB(M) - Retiree or Survivor	M	359.32	457.70	817.02	0.00
	Family MB(M) SP(M)	K2	494.34	1,139.70	1,634.04	0.00
UHC Group Medicare Advantage (California) Medicare HMO Plan						
Group#s:	Single MB(SH) - Retiree or Survivor	EH	28.25	457.70	485.95	0.00
140309 (FED)	Family MB(SH) SP(SH)	H2	0.00	971.90	971.90	167.80
140298 (P&F)						
UHC - Senior Supplement Plan Medicare Supplement Plan						
Group# 05240	Single MB(SHS) - Retiree or Survivor	SSHS	44.08	457.70	501.78	0.00
	Family MB(SHS) SP(SHS)	FSHS	0.00	1,003.56	1,003.56	136.14
Blue Shield - Medicare HMO (California) Medicare Supplement Plan						
Group# H12020	Single MB(M) - Retiree or Survivor	YM1	45.72	457.70	503.42	0.00
	Family MB(M) SP(M)	YF2	0.00	1,006.86	1,006.86	132.84
Blue Shield - Medicare PPO Medicare Supplement Plan						
Group# 975993	Single MB(M) - Retiree or Survivor	ZM	159.92	457.70	617.62	0.00
	Family MB(M) SP(M)	ZF2	95.58	1,139.70	1,235.28	0.00

**Coverage Abbreviations:**

MB = Member	SH = UHC Group Medicare Advantage (previously Secured Horizons)
SP = Spouse	SHS = PacifiCare Sr. Supplement Plan F
CH = Child(ren)	SA = Kaiser Permanente Sr. Advantage
M = Medicare	NSA = Non-Sr. Advantage (Traditional Plan)
	MOA = Kaiser Medicare Out-of-Area Plan

\*Police & Fire Retirees are eligible to receive a credit for their monthly Medicare Part B premium when their current plan premiums cost the Fund less than the maximum monthly contribution. The Member is eligible to receive reimbursement based on the difference between the maximum contribution amount and the actual monthly premium.

**City of San José**  
**Department of Retirement Services**

**2013 Kaiser Permanente**  
**Medicare / Non-Medicare Split Plans**  
**Monthly Retiree Rates**

Lowest Cost Plan Available to Active Employees:		Kaiser Family:	1,139.70	Kaiser Single:		457.70	Available for P&F* Member's Medicare Part B Rmbrsmt.
Provider	Coverage	Plan Code Write this code in the box provided on the Enrollment Form	Retiree Pays	Fund Pays	Total Monthly Premium		
KPSA & Deductible HMO Plan (California) Medicare HMO Plan							
GROUP#s:	Family MB(SA) + SP(NSA)	A1DHMO	0.00	938.01	938.01	201.69	←
887-27 (Northern CA)	Family MB(NSA) + SP(SA)	A1-aDHMO	0.00	713.71	713.71	425.99	←
887-99 (Survivor - NC)	Family MB(NSA) + SP(SA) + CH(NSA)	A3-aDHMO	0.00	713.71	713.71	425.99	←
230179-28 (Southern CA)	Family MB (SA) + SP(NSA) + CH (NSA)	A3-cDHMO	0.00	938.01	938.01	201.69	←
230179-29 (Survivor - SC)							
KPSA & \$25 Co-Pay Plan (California) Medicare HMO Plan							
GROUP#s:	Family MB(SA) + SP(NSA)	A1	0.00	1125.91	1,125.91	13.79	←
	Family MB(NSA) + SP(SA)	A1-a	0.00	839.81	839.81	299.89	←
887-26 (Northern CA)	Family MB(NSA) + SP(SA) + CH(NSA)	A3-a	0.00	839.81	839.81	299.89	←
887-98 (Survivor - NC)	Family MB(SA) SP(SA) CH(SA)	A3-b	0.00	768.03	768.03	371.67	←
230179-100 (Southern CA)	Family MB (SA) + SP(NSA) + CH (NSA)	A3-c	0.00	1125.91	1,125.91	13.79	←
230179-98 (Survivor - SC)	Family MB(M) SP(SA) or MB(SA) SP(M)	MA	0.00	1073.03	1,073.03	66.67	←
Medicare Cost & \$25 Co-Pay Plan (Closed to new enrollees)							
(Medicare Supplement Plan)	Family MB(M) + SP(NM)	K1	547.22	1139.70	1,686.92	0.00	
Group#: 887-26 (Northen CA ONLY)	Family MB(NM) + SP(M)	K1-a	261.12	1139.70	1,400.82	0.00	
	Family MB(M) SP(M) + CH(NM)	K3-a	494.34	1139.70	1,634.04	0.00	
	Family MB(M) + SP(NM) CH(NM)	K3-b	547.22	1139.70	1,686.92	0.00	
	Family MB(NM) + SP(M) + CH(NM)	K3-c	547.22	1139.70	1,686.92	0.00	
	Family MB(M) + SP(M) + CH(M)	K3-d	1,311.36	1139.70	2,451.06	0.00	

**Coverage Abbreviations:**

MB = Member	NM = No Medicare
SP = Spouse	SA = KPSA
CH = Child(ren)	NSA = Non-KPSA
M = Medicare	MOA = Medicare Out-of-Area Plan

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**City of San José**  
**Department of Retirement Services**

**2013 Blue Shield**  
**Medicare / Non-Medicare Split Plans**  
**Monthly Retiree Rates**

Lowest Cost Plan Available to Active Employees:			Kaiser Family: 1,139.70		Kaiser Single: 457.70		Available for P&F* Member's Medicare Part B Rmbrsmt.
Provider	Coverage	Plan Code Write this code in the box provided on your Enrollment Form	Retiree Pays	Fund Pays	Total Monthly Premium		
Blue Shield: Medicare-HMO & \$45 Copay HMO Plan - (California)							
(HMO Split)  Group # H12079	Family MB(M) + SP(HMO)	YAHMO45	0.00	1023.54	1,023.54	116.16	←
	Family MB(HMO) + SP(M)	YBHMO45	0.00	1023.54	1,023.54	116.16	←
	Family MB(M) SP(M) + CH (HMO)	YEHMO45	683.12	1139.70	1,822.82	0.00	
	Family MB(M) + SP(HMO) CH (HMO)	YFHMO45	179.68	1139.70	1,319.38	0.00	
	Family MB(HMO) + SP(M) + CH (HMO)	YGHMO45	179.68	1139.70	1,319.38	0.00	
Blue Shield: Medicare-HMO & \$25 Co-Pay HMO Plan - (California)							
(HMO Split)  Group # H12020	Family MB(M) + SP(HMO)	YAHMO	0.00	1126.98	1,126.98	12.72	←
	Family MB(HMO) + SP(M)	YBHMO	0.00	1126.98	1,126.98	12.72	←
	Family MB(M) SP(M) + CH (HMO)	YEHMO	845.42	1139.70	1,985.12	0.00	
	Family MB(M) + SP(HMO) CH (HMO)	YFHMO	341.98	1139.70	1,481.68	0.00	
	Family MB(HMO) + SP(M) + CH (HMO)	YGHMO	341.98	1139.70	1,481.68	0.00	
Blue Shield: Medicare-PPO & \$30 Co-Pay PPO Plan							
(PPO Split)  Group # 976153	Family MB(M) + SP(PPO)	ZAPPO30	65.78	1139.70	1,205.48	0.00	
	Family MB(PPO) + SP(M)	ZBPPO30	65.78	1139.70	1,205.48	0.00	
	Family MB(M) SP(M) + CH (PPO)	ZEPPPO30	1,018.46	1139.70	2,158.16	0.00	
	Family MB(M) + SP(PPO) CH (PPO)	ZFPPO30	400.80	1139.70	1,540.50	0.00	
	Family MB(PPO) + SP(M) + CH (PPO)	ZGPPO30	400.80	1139.70	1,540.50	0.00	
Blue Shield: Medicare-PPO & \$25 Co-Pay PPO Plan							
(PPO Split)  Group # 975993	Family MB(M) + SP(PPO)	ZAPPO	233.12	1139.70	1,372.82	0.00	
	Family MB(PPO) + SP(M)	ZBPPO	233.12	1139.70	1,372.82	0.00	
	Family MB(M) SP(M) + CH (PPO)	ZEPPPO	1,281.20	1139.70	2,420.90	0.00	
	Family MB(M) + SP(PPO) CH (PPO)	ZFPPO	663.54	1139.70	1,803.24	0.00	
	Family MB(PPO) + SP(M) + CH (PPO)	ZGPPO	663.54	1139.70	1,803.24	0.00	

**Coverage Abbreviations:**

MB = Member                      CH = Child(ren)  
SP = Spouse                      (M) = Medicare

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**City of San José**  
**Department of Retirement Services**

**2013 UHC/BSC**  
**Medicare / Non-Medicare Split-Plans**  
**Monthly Retiree Rates**

Lowest Cost Plan Available to Active Employees:			KAISER - Family: 1,139.70	Single: 457.70	Available for P&F* Member's Medicare Part B Rmbrsmt.	
Provider	Coverage	Plan Code Write this code in the box provided on the Enrollment Form	Retiree Pays	Fund Pays	Total Monthly Premium	
<b>UHC Group Medicare Advantage &amp; Blue Shield Deductible Plans (California)</b>						
Group#: 140309 (FED)	Split MB(SH) + SP(BSPPO)	EH, SPPO-EH30	0.00	1073.81	1,073.81	65.89 ←
140298 (P&F)	Split MB(SH) + SP(BSHMO)	EH, SHMO-EH45	0.00	1006.07	1,006.07	133.63 ←
<b>Deductible Plans:</b>						
Blue Shield \$30 PPO: 976153	Split MB(SH) SP(SH) + CH(BSPPO)	H2, FPPO-H230	755.08	1139.70	1,894.78	0.00
Blue Shield \$45 HMO: H12079	Split MB(SH) SP(SH) + CH(BSHMO)	H2, FHMO-H245	648.16	1139.70	1,787.86	0.00
	Split MB(SH) + SP(BSPPO) CH(BSPPO)	EH, FPPO-EH30	269.13	1139.70	1,408.83	0.00
	Split MB(SH) + SP(BSHMO) CH(BSHMO)	EH, FHMO-EH45	162.21	1139.70	1,301.91	0.00
<b>UHC Group Medicare Advantage &amp; Blue Shield \$25 Co-Pay Plans (California)</b>						
Group#: 140309 (FED)	Split MB(SH) + SP(BSPOS)	EH, SPOS-EH	101.45	1139.70	1,241.15	0.00
140298 (P&F)	Split MB(SH) + SP(BSPPO)	EH, SPPO-EH	101.45	1139.70	1,241.15	0.00
	Split MB(SH) + SP(BSHMO)	EH, SHMO-EH	0.00	1109.51	1,109.51	30.19 ←
<b>\$25 PLAN</b>	Split MB(SH) SP(SH) + CH(BSPOS)	H2, FPOS-H2	1,017.82	1139.70	2,157.52	0.00
Blue Shield POS: MH0241	Split MB(SH) SP(SH) + CH(BSPPO)	H2, FPPO-H2	1,017.82	1139.70	2,157.52	0.00
Blue Shield PPO: 975993	Split MB(SH) SP(SH) + CH(BSHMO)	H2, FHMO-H2	810.46	1139.70	1,950.16	0.00
Blue Shield HMO: H12020						
	Split MB(SH) + SP(BSPOS) CH(BSPOS)	EH, FPOS-EH	531.87	1139.70	1,671.57	0.00
	Split MB(SH) + SP(BSPPO) CH(BSPPO)	EH, FPPO-EH	531.87	1139.70	1,671.57	0.00
	Split MB(SH) + SP(BSHMO) CH(BSHMO)	EH, FHMO-EH	324.51	1139.70	1,464.21	0.00
<b>UHC Senior Supplement Plan &amp; Blue Shield Plan Deductible Plans</b>						
Group#: 05240	Split MB(SHS) + SP(BSPPO)	SSHS, SPPO-SS30	0.00	1089.64	1,089.64	50.06 ←
	Split MB(SHS) + SP(BSHMO)	SSHS, SHMO-SS45	0.00	1021.90	1,021.90	117.80 ←
<b>Deductible Plans:</b>						
Blue Shield \$30 PPO: 976153	Split MB(SHS) SP(SHS) + CH(BSPPO)	FSHS, FPPO-FS30	786.74	1139.70	1,926.44	0.00
Blue Shield \$45 HMO: H12079	Split MB(SHS) SP(SHS) + CH(BSHMO)	FSHS, FHMO-FS45	679.82	1139.70	1,819.52	0.00
	Split MB(SHS) + SP(BSPPO) CH(BSPPO)	SSHS, FPPO-SS30	284.96	1139.70	1,424.66	0.00
	Split MB(SHS) + SP(BSHMO) CH(BSHMO)	SSHS, FHMO-SS45	178.04	1139.70	1,317.74	0.00
<b>PacificCare Senior Supplement Plan F &amp; Blue Shield \$25 Co-pay Plan</b>						
Group#: 05240	Split MB(SHS) + SP(BSPOS)	SSHS, SPOS-SS	117.28	1139.70	1,256.98	0.00
	Split MB(SHS) + SP(BSPPO)	SSHS, SPPO-SS	117.28	1139.70	1,256.98	0.00
	Split MB(SHS) + SP(BSHMO)	SSHS, SHMO-SS	0.00	1125.34	1,125.34	14.36 ←
<b>\$25 PLAN</b>	Split MB(SHS) SP(SHS) + CH(BSPOS)	FSHS, FPOS-FS	1,049.48	1139.70	2,189.18	0.00
Blue Shield POS: MH0241	Split MB(SHS) SP(SHS) + CH(BSPPO)	FSHS, FPPO-FS	1,049.48	1139.70	2,189.18	0.00
Blue Shield PPO: 975993	Split MB(SHS) SP(SHS) + CH(BSHMO)	FSHS, FHMO-FS	842.12	1139.70	1,981.82	0.00
Blue Shield HMO: H12020						
	Split MB(SHS) + SP(BSPOS) CH(BSPOS)	SSHS, FPOS-SS	547.70	1139.70	1,687.40	0.00
	Split MB(SHS) + SP(BSPPO) CH(BSPPO)	SSHS, FPPO-SS	547.70	1139.70	1,687.40	0.00
	Split MB(SHS) + SP(BSHMO) CH(BSHMO)	SSHS, FHMO-SS	340.34	1139.70	1,480.04	0.00
<b>Coverage Abbreviations:</b>						
MB = Member	(SH) = UHC Group Medicare Advantage (previously Secure Horizons)					
SP = Spouse	(SHS) = UHC Sr. Supplement Plan F (previously PacificCare)					
CH = Child(ren)						
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**City of San José**  
**Department of Retirement Services**

**2013 Kaiser Hawaii and Northwest Plans**  
**Monthly Retiree Rates**

Lowest Cost Plan Available to Active Employees:			Kaiser Family: 1,139.70		Kaiser Single: 457.70		Available for P&F* Member's Medicare Part B Rmbrsmt.
Provider	Coverage	Write this code in the box provided on your Enrollment Form	Retiree Pays	Fund Pays	Total Monthly Premium		
Kaiser Traditional Plan \$15 Co-Pay (Hawaii)							
Group#: 3463-10	Single - Retiree or Survivor	S (HI)	216.33	457.70	674.03	0.00	
	Family 2 Party	K (HI)	208.35	1,139.70	1,348.05	0.00	
	Family 3+	K+ (HI)	882.38	1,139.70	2,022.08	0.00	
KPSA (Hawaii )							
Group#: 34631-10	Single MB(SA) - Retiree or Survivor	A (HI)	0.00	370.56	370.56	87.14	
	Family MB(SA) SP(SA)	A2 (HI)	0.00	741.12	741.12	398.58	
KPSA & Traditional Plan \$15 Co-Pay (Hawaii )							
Group#: 34631-10	Family MB(SA) + SP(NSA)	A1 (HI)	0.00	1044.59	1,044.59	95.11	
	Family MB(NSA) + SP(SA)	A1-a (HI)	0.00	1044.59	1,044.59	95.11	
	Family MB(SA) SP(SA) + CH(NSA)	A2+ (HI)	275.45	1139.70	1,415.15	0.00	
Kaiser Traditional Plan \$25 Co-Pay (Northwest)							
Group#: 4189-001	Single - Retiree or Survivor	S (NW)	338.62	457.70	796.32	0.00	
	Family 2 Party	K (NW)	452.95	1,139.70	1,592.65	0.00	
	Family 3+	K+ (NW)	1,249.27	1,139.70	2,388.97	0.00	
KPSA (Northwest)							
Group#: 4189-001	Single MB(SA) - Retiree or Survivor	A (NW)	0.00	280.62	280.62	177.08	
	Family MB(SA) SP(SA)	A2 (NW)	0.00	561.24	561.24	578.46	
KPSA & Traditional Plan \$25 Co-Pay (Northwest )							
Group#: 4189-001	Family MB(SA) SP(NSA) or MB(NSA) SP(SA)	A1 (NW)	0.00	1,076.94	1,076.94	62.76	

**Coverage Abbreviations:**

MB = Member	M = Medicare	SA = Kaiser Permanente Sr. Advantage (KPSA)
SP = Spouse	NM = Non-Medicare	NSA = Non Sr. Advantage (Traditional) Plan
CH = Child(ren)		

\*Police & Fire Retirees are eligible to receive a credit for their monthly Medicare Part B premium when their current plan premiums cost the Fund less than the maximum monthly contribution. The Member is eligible to receive reimbursement based on the difference between the maximum contribution amount and the actual monthly premium.





For your information

Volume 35 | Issue 84 | October 24, 2012

## Same-sex spouses and domestic partners may pay penalties for late enrollment in Medicare

Individuals who do not enroll in Medicare Part B when they first become eligible due to age (i.e., turning 65) must pay a late-enrollment penalty in the form of higher premiums, and they can only enroll during the annual “General Enrollment Period” of January 1 through March 31. The penalty is waived for an individual who did not enroll because he or she had employer-sponsored health coverage due to the individual’s or spouse’s current employment. Because the Defense of Marriage Act (DOMA) provides that domestic partners and same-sex spouses covered as dependents under employer-sponsored plans cannot be considered “spouses” for purposes of federal law, including Medicare, the waiver of the Part B late-enrollment penalty does not apply to them. Different rules and penalties apply under other Medicare provisions. A domestic partner or same-sex spouse covered as a dependent under an employer-sponsored plan may be unaware of these provisions and may inadvertently incur additional costs due to late enrollment in Medicare.

### Background

Medicare provides health benefits to three groups of people: those age 65 and over, disabled individuals receiving Social Security disability benefits (generally after 24 months), and those with end-stage renal disease (ESRD) (permanent kidney failure requiring dialysis or a kidney transplant). “Original” Medicare consists of Part A, which covers hospital charges, and Part B, which covers outpatient care and professional services, e.g., doctors’ charges. Part C or “Medicare Advantage” plans are comprehensive plans that cover all the services covered under Parts A and B. Part D, which covers prescription drugs, can be added to either Original Medicare or Medicare Advantage.

DOMA provides that with respect to any federal law or regulation, the word “marriage” means only a legal union between one man and one woman, and “spouse” refers only to an individual of the opposite sex who is a husband or wife. As a result, same-sex domestic partners are not treated as spouses for purposes of federal benefits, even when legally married under state law.

## Medicare Enrollment and Penalties

Individuals who receive Social Security disability benefits before age 65 are enrolled for Medicare Parts A and B automatically. But a person nearing age 65 and not on Social Security must actively enroll during an “Initial Enrollment Period” beginning three months before his or her 65th birthday and ending three months after the month in which he or she turns 65. The individual may also enroll for Part D coverage or a Medicare Advantage plan during the same period. Failure to enroll during the Initial Enrollment Period may result in higher premiums and limit the times for late enrollment to the annual General Enrollment Period that runs from January 1 through March 31 of each year. Coverage is effective the following July 1.

Part A is free for most people. However, individuals who are not eligible for free Part A (e.g., those over age 65 who did not pay Medicare taxes over the course of 10 years while working) pay a penalty of 10% of the Part A premium for twice the number of years they went without Part A coverage. For example, an individual who did not have Part A coverage for two years pays 10% more for coverage for four years.

Individuals must pay a monthly premium for Part B coverage. A person who does not enroll for Part B coverage when first eligible based on age pays higher premiums permanently. The premium penalty is up to 10% for each full 12-month period that he or she could have had Part B but didn’t enroll. For example, if an individual’s Initial Enrollment Period ended on September 30, 2009 and the person waited until January 2012 to enroll, his or her premium will be 20% higher for life. (The penalty does not apply to individuals eligible for Medicare on the basis of ESRD.)

The Annual Open Enrollment Period for Parts C and D is October 15 through December 7 of each year. Coverage begins on January 1, provided the plan receives the application by December 7.

To enroll in Part C during an Annual Open Enrollment Period, an individual must have both Part A and Part B coverage. Therefore, the person who failed to enroll in Parts A and B during the Initial Eligibility Period will first have to enroll for those coverages during a General Enrollment Period and then switch to Part C during an Annual Open Enrollment Period. The individual will pay the higher Part B premium for the period before enrolling in a Medicare Advantage plan, but it does not appear that any other late-enrollment fees apply.

Individuals do not have to enroll for Part D coverage when first eligible as long as they have “creditable prescription drug coverage,” i.e., prescription drug coverage that is at least as good as Medicare drug coverage under another plan. If an eligible individual has a lapse in creditable coverage lasting 63 continuous days or longer before enrolling for Medicare Part D, his or her monthly premium will be increased by at least 1% of the Medicare base beneficiary premium for each month that the individual was without creditable prescription drug coverage. For example, if the individual does not have creditable prescription drug coverage for 18 months, his or her premium will be 18% higher permanently.

## Medicare Enrollment at Age 65

A Special Enrollment Period is available to individuals who first become eligible for Medicare when they turn age 65 but decline to enroll because they are employed and covered under an employer-sponsored health plan. They can enroll at any time while employed or during the eight-month period that begins the month after their employment or coverage ends, whichever is later. If they enroll during this period, no premium penalty applies. These provisions also apply to the employee's spouse who turns 65 and is covered under the employee's employer-sponsored health plan.

## Disability and ESRD and Medicare Eligibility

Individuals under age 65 who are eligible for Medicare and are receiving Social Security disability benefits for 24 months (immediately upon award for individuals with amyotrophic lateral sclerosis, also known as ALS or Lou Gehrig's disease) are automatically enrolled in Medicare Part A and are offered Medicare Part B. Those with ESRD must enroll for Medicare, and special coverage rules apply. An individual eligible for Medicare on account of disability or ESRD who declines Medicare Part B because he or she has coverage as a dependent under a spouse's or family member's employer-sponsored plan will not pay a late-enrollment penalty if he or she enrolls for Medicare when the employer-sponsored coverage ends.

### Insight

It is important to note the difference in the rules that apply when the person's first eligibility for Medicare is due to disability or ESRD. In these cases, no late-enrollment penalty applies if a domestic partner or same-sex spouse declined Medicare Part B because he or she had employer-sponsored coverage due to a "family member's" current employment.

## Medicare Part D

Medicare Part D provides benefits for prescription drugs and may be purchased in addition to Original Medicare or a Medicare Advantage plan. If a person has creditable coverage under another plan, he or she may decide to decline Medicare Part D coverage. As long as the person maintains that coverage and does not go without it for more than 63 days, when he or she decides to enroll for Medicare D there will be no late-enrollment penalty.

### Insight

Medicare Part D only requires that an individual maintain coverage at least as good as that provided under a Medicare plan in order to avoid any late enrollment penalties. The "other coverage requirement" is not tied to employment or to status as a spouse or family member.

## Conclusion

Unless overturned by the Supreme Court or repealed by Congress, DOMA continues to be the law of the land. Employers who provide benefits to domestic partners and same-sex spouses need to be mindful of the Medicare requirements and may wish to include this information in their employee communications. Buck's consultants are available to discuss these requirements in more detail and to assist in developing a compliance strategy.

This FYI is intended to provide general information. It does not offer legal advice or purport to treat all the issues surrounding any one topic.  
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For your information

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## IRS Announces Key Benefit Plan Limits for 2013

The IRS has issued a [press release](#) announcing the retirement plan limits for 2013, and [Revenue Procedure 2012-41](#), which contains 2013 limits for long-term care premiums and medical savings accounts. Limits for qualified transportation fringe benefits and adoption assistance programs, which are normally included in this guidance, will be announced at a future date.

### INSIGHT

Many other updated figures that would normally be included in Revenue Procedure 2012-41, such as the 2013 income tax brackets and estate tax limits, were intentionally omitted. The IRS was faced with publishing figures based on 2013 tax law with or without the changes that are automatically triggered if Congress allows the “Bush-era Tax Cuts”, among others, to expire, creating a so-called “fiscal cliff”. The IRS notes that “these items will be addressed in future guidance”. We discuss the repercussions of the “fiscal cliff” on select benefit plan issues in our October 18, 2012 [For Your Information](#).

### Retirement Plan Limits

In the table below, we list the key 2013 limits and the corresponding 2012 limits.

	<u>2013</u>	<u>2012</u>
401(k)/403(b) Elective Deferral Maximum	\$ 17,500	\$ 17,000
§415 Defined Benefit Dollar Maximum	205,000	200,000
§415 Defined Contribution Annual Addition Maximum	51,000	50,000
§457(b) Nonqualified Deferred Compensation Limit	17,500	17,000
§401(a)(17) Annual Compensation Limit	255,000	250,000
§414(q) Highly-Compensated Employee Limit	115,000	115,000
§414(v) Catch-up Contribution Limit	5,500	5,500
§416(i) Top-heavy Officer Limit	165,000	165,000

The Section 401(a)(17) annual compensation limit for certain grandfathered participants in governmental plans in existence on July 1, 1993 increases from \$375,000 in 2012 to \$380,000 for 2013.

## Long-Term Care Premiums

The limits under Section 213 for eligible long-term care premiums that qualify as medical expenses for tax years beginning in 2013 (compared with 2012) are shown below, based on attained age before the close of the taxable year.

	<u>2013</u>	<u>2012</u>
Age 40 or less	\$ 360	\$ 350
> 40 but ≤ 50	680	660
> 50 but ≤ 60	1,360	1,310
> 60 but ≤ 70	3,640	3,500
> 70	4,550	4,370

## Health Savings Accounts

The 2013 limits for contributions to health savings accounts and for high-deductible health plans were released earlier this year. (See our May 7, 2012 [For Your Information](#).)

## Medical Savings Accounts

Medical Savings Accounts (MSAs) are available to employees of small businesses and self-employed individuals if they participate in high-deductible health plans. The deductible limits and out-of-pocket limits in connection with these plans differ from those for HSAs.

For tax years beginning in 2013, the annual deductible for an MSA high-deductible health plan may not be less than \$2,150 and not more than \$3,200 for single coverage. The annual deductible for an MSA high-deductible health plan may not be less than \$4,300 and not more than \$6,450 for family coverage. Also, annual out-of-pocket expenses (exclusive of premiums) cannot exceed \$4,300 for single coverage and \$7,850 for family coverage.

## In Closing

Buck's consultants are ready to assist you with updating any documents and employee communications to reflect the adjusted 2013 amounts.

Our *For Your Reference*, a wallet-sized booklet showing retirement plan and other benefit limits and various Social Security and Medicare key figures, will be available shortly from your Buck consultant.