



Medicare Part B & IRMAA

Member/Stakeholder Feedback Meeting





Agenda

- ❖ **How we got here**
- ❖ **What is Medicare?**
- ❖ **Medicare Part B Only**
- ❖ **What is an IRMAA?**
- ❖ **Important Information**

Member comments

“The requirement to pay IRMAAs can catch retirees off guard. They can be triggered by Required Mandatory Distributions requirements from the City’s deferred compensation plan as required by the IRS, or by a retiree sale of a home. Shifting more of the medical expense burden to retirees is unfair especially when LACERS retiree health plan is one of the best-funded retiree healthcare plans in the country!”

"What would help is just give me what is due and stop the Windfall Elimination Provision and Government Pension Offset."

"Medicare Plans Save LACERS Money. These savings should be used to fund IRMAAs and Part B reimbursements."

“We paid FICA taxes of 1.45% for the Medicare benefit while active City employees yet we must pay more out of pocket under Medicare”

"My stance is to increase the reimbursement affected by IRMAAs independently of the COLA index."

“DWP reimburses for IRMAAs if there is an excess subsidy. Having LACERS reimburse IRMAAs up to the subsidy amounts would cure this glaring difference in the way the two City pension systems administer their retiree medical benefits.”

Roles

1

CITY COUNCIL

- The Decision-maker
- Prioritizes expenditures of the City
- Adopts ordinances

2

STAKEHOLDERS

- Make their opinions known
- Advocates for or against a position

3

LACERS

- The Administrator of Benefits
- Ensures rules and legal requirements are followed



Understanding Medicare Basics and Income Related Monthly Adjustment Amounts (IRMAA)

Attention

- **This presentation is intended to provide a summary of the benefits established by the Los Angeles City Charter, Los Angeles Administrative Code, and LACERS Board Rules (referred to as the Plan provisions). In the event of discrepancies in this presentation the Plan provisions will govern at all times.**
- **Information provided in the presentation regarding the rules under the Centers for Medicare and Medicaid Services (CMS), as well as Social Security office, may be subject to change and are not within LACERS control.**
- **Representatives of LACERS cannot offer financial, legal, or tax advice. Please consult with your financial planner, attorney and/or tax advisor as needed.**

As a covered entity under Title II of the Americans with Disabilities Act, the City of Los Angeles does not discriminate on the basis of disability and, upon request, will provide reasonable accommodations to ensure equal access to its programs, services and activities.

A Note for Active Members

You're ahead of the game!

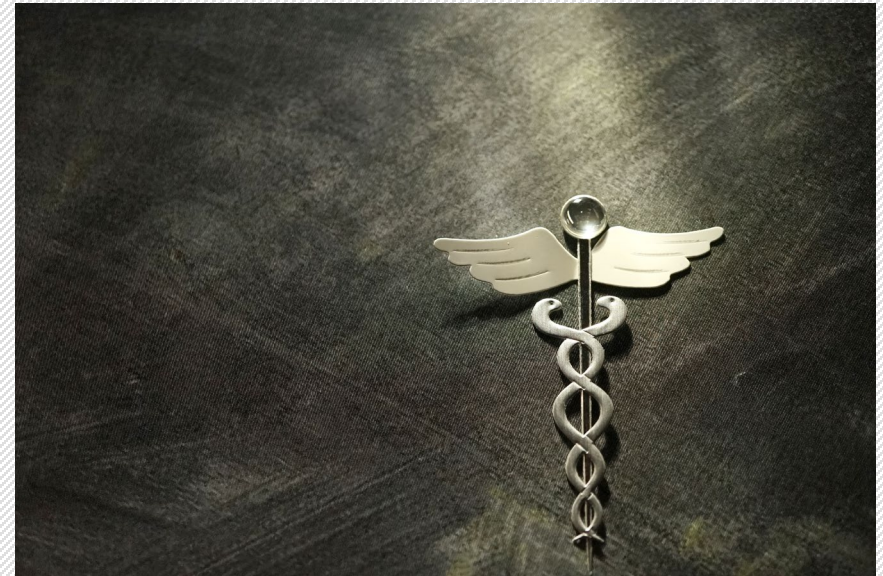
- This presentation is designed for Retired Members approaching Medicare age.
- Members who are still working for the City of Los Angeles **do not** have to apply for Medicare until they retire. Active health benefits are provided by Employees Benefits.
- Please be sure to contact LACERS if you or your dependent(s) are Medicare age at the time of retirement.

A stethoscope is shown in the background, slightly out of focus, resting on a white surface. A teal vertical bar is positioned on the left side of the slide. The text "What is Medicare?" is centered in a bold, black font.

What is Medicare?

Medicare Basics

- Medicare is federal health insurance for anyone age 65 and older and some people under 65 with certain conditions.
- Medicare assists with the cost of health care, but it does not cover all medical expenses or the cost of most long-term care.
- Established in 1966 and has been expanded various times over the years.
- Managed by the Centers for Medicare & Medicaid Services (CMS).



Parts of Medicare



Part A (Hospital Insurance): Helps cover inpatient care in hospitals, skilled nursing facility care, hospice care, and home health care.



Part B (Medical Insurance): Helps cover services from doctors and other health care providers, outpatient care, home health care, durable medical equipment, and many preventive services.



Part D (Drug coverage): Helps cover the cost of prescription drugs.

LACERS Medicare Requirements

As a LACERS retiree, enrolled in LACERS Health plan, the following are the requirements when you or you dependent(s) turn age 65.

Los Angeles Administrative Code 4.1111(f), 4.1126(e) and LACERS Board Rules HBA 2(d) **require**, that you or any of your dependent(s) (covered on your medical plan) become Medicare eligible, you or your dependent(s) are to:

- Enroll in Medicare Part B and maintain coverage.
- Enroll in Medicare Part A **only** if you are entitled to it premium-free (i.e., at no cost).

If you retire at age 65 or older, and/or have dependent(s) (covered on your medical plan) over age 65, Medicare allows you and/or your dependent(s) to defer enrollment in Medicare Part B until you retire. This is known as a Special Enrollment Period (SEP).

When to Enroll in Medicare

It is recommended that you enroll in Medicare:

- Three months before turning age 65
- No later than three months after the month you turn 65



If you are an Active employee, you will enroll in Medicare at the time of retirement and required age.

The effective date of your Medicare will be determined based on the month you applied for Medicare.

LACERS does not enroll Members into Medicare. Please contact the Social Security Administration to sign up for Medicare.

A stethoscope is positioned diagonally across the frame, with its chest piece in the lower foreground and its earpieces extending towards the upper right. The background is a plain, light-colored surface. On the left side, there is a solid teal vertical rectangular bar. Overlaid on the center of the image is the text "Medicare Part B Only" in a bold, black, sans-serif font.

Medicare Part B Only

Medicare Part B Only

City of Los Angeles employees hired before April 1, 1986, were not paying into Medicare under the Federal Insurance Contributions Act (FICA).

- These employees do not qualify for Medicare Part A, premium free, solely through their City employment.

City of Los Angeles employees hired on or after April 1, 1986, are paying into Medicare.

- Will be eligible for Part A premium free after ten years of employment
- Current FICA rate for Medicare is 1.45% for the employee and employer

Medicare Part B Only

Los Angeles Administrative Code 4.1111(f), 4.1126(e) and LACERS Board Rules HBA 2(d) **require**, that when you or any of your dependent(s) (covered on your medical plan) become Medicare eligible, you or your dependent(s) are to:

- Enroll in Medicare Part B and maintain coverage.
- Enroll in Medicare Part A **only** if you are entitled to it premium-free (i.e., at no cost).

If you do not qualify for Medicare Part A premium free, you only need to enroll into Medicare Part B

Medicare Part B Only

LACERS Members with Medicare Part B only:

- Medical subsidy is the same as the subsidy for the non-Medicare Members
- Are not eligible for the basic Medicare Part B premium reimbursement
- Must maintain their Medicare eligibility
- Medical plans available are not the same Medicare benefits as those available for A&B Members, except for the Kaiser Senior Advantage HMO plan.
- Although Medicare Part B Only Members are not eligible for Medicare Part A, Members who are enrolled in LACERS retiree health plans, have hospitalization as part of their benefits.

Medicare Part B Only

Medical plans available for Members with Medicare Part B only:

- **Anthem HMO**
- **Anthem PPO**
- **Kaiser Senior Advantage HMO**

The Anthem HMO and Anthem PPO plan benefits for Part B only Members are similar to the non-Medicare Anthem plans.

The Kaiser Senior Advantage HMO plan is the same for Part B only and A&B Members.

Medicare Part B Only

Why can Medicare Part B Only Members enroll in Kaiser Senior Advantage Plan, but not in other Medicare Plans, such as United Healthcare (UHC), SCAN, and Anthem Advantage Preferred PPO?

Kaiser Senior Advantage Plan was approved by CMS to allow LACERS Medicare Part B Only Members to enroll in this Medicare Plan, with Medicare Part A benefits.

Currently, LACERS other Medicare Plans, such as UHC, SCAN, Anthem Advantage Preferred PPO are not approved by CMS to allow LACERS Medicare Part B Only Members to enroll in these plans.

A stethoscope is shown on a white surface, with its chest piece in the foreground and the earpieces extending towards the top right. A teal vertical bar is positioned on the left side of the image. The text "What is an IRMAA?" is centered in the middle of the image.

What is an IRMAA?

Income Related Monthly Adjustment Amounts (IRMAA)

- **IRMAA was developed by the Federal Government as a cost-sharing to fund Medicare benefits and to strengthen the financial stability of the Medicare program.**
- **Social Security is required by federal regulation to assess Part B and Part D IRMAAs to those who have a higher income.**
- **When the Medicare enrollee's Modified Adjusted Gross Income (MAGI) amount from two years prior exceeds a certain threshold, Medicare assesses an IRMAA, which is a surcharge on top of the basic Medicare Part B and D premium rates.**
- **The MAGI may include but not be limited to employment earnings, investment income, capital gains on the sale of real estate, and/or gambling winnings in addition to the retirement allowance.**

HOW IS AN IRMAA DETERMINED?

Tax Return

Social Security uses the most recent federal tax return the IRS provides. Generally, this information is from a tax return filed two years ago. For example, for the 2023 IRMAA determination, the most recent federal tax return is the one filed in 2022 for tax year 2021.

Income

The IRMAA is based on your modified adjusted gross income (MAGI) which is the total adjusted gross income and tax-exempt interest income. The income levels are adjusted each year.

Filing Status

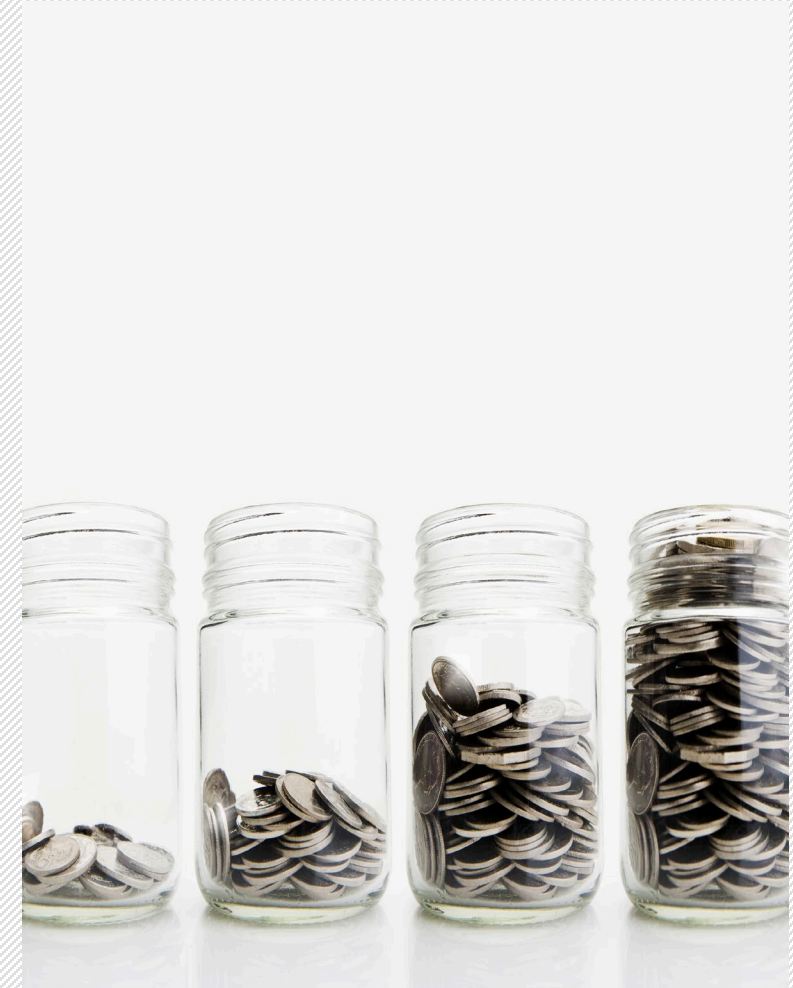
The income levels are different for someone who files as single or married filing jointly.

WHO WILL BE ASSESSED AN IRMAA?

You will pay the Medicare Part B and Part D IRMAA if your modified adjusted gross income, as reported on your IRS tax return from two years ago, is more than:

- For 2023, \$97,000 yearly income made in 2021, if you file an individual tax return or are married and file separately.
- For 2023, \$194,000 yearly made in 2021, if you are married and file a joint tax return.

Social Security will tell you if you have to pay a higher premium because of your income.



HOW LONG DOES AN IRMAA LAST?

- An IRMAA is calculated every year using your income data provided by you to the IRS.
- You may have to pay an IRMAA one year, but not the next if your income falls below the threshold.
- If your taxable income increases, then you may be subjected to the IRMAA.
- Social Security will notify you of any changes.



Do I Have to Pay the IRMAA?

- Yes, if you are assessed an IRMAA by Social Security, you must pay the Medicare Premiums AND IRMAA.
- You must pay the Medicare Premiums and IRMAA to Social Security directly.
- LACERS does not make any payment on behalf of the Member and does not collect any payment.
- Your Medicare coverage and therefore your LACERS medical coverage will be terminated if you fail to pay Medicare premiums and any IRMAAs.
- LACERS does not assess the IRMAA. Please contact Medicare or Social Security for more information.

What happens if you fail to pay your Medicare Part B premiums & IRMAAs?

- Your Medicare Part B will be **terminated** by the Center for Medicare & Medicaid Services (CMS).
- You and your dependent(s)' LACERS medical plan will be **terminated**.
- You will **no longer** be eligible for a medical subsidy and will be responsible for the full premium payment.
- If you are receiving a Medicare Part B Basic reimbursement, your Medicare Part B Basic reimbursement will be **terminated**, and you will be responsible for the repayment of the reimbursement.



What happens if you fail to pay your Medicare Part D IRMAAs?

- Your Medicare Part D coverage will be **terminated** by the Center for Medicare & Medicaid Services (CMS).
- You and your dependent(s)' LACERS medical plan will be **terminated**.
- You will **no longer** be eligible for a medical subsidy and will be responsible for the full premium payment.
- If you are receiving a Medicare Part B Basic reimbursement, your Medicare Part B Basic reimbursement will be **terminated**, and you will be responsible for the repayment of the reimbursement.

Ways to Pay Your Medicare Premium(s) and IRMAAs

You are responsible for paying your Medicare premium(s) and IRMAAs to Medicare directly.

- LACERS **DOES NOT** process your Medicare payments.
- LACERS **CAN NOT** directly pay your Medicare premium from your LACERS' monthly allowance.

A stethoscope is shown on a white surface, with its chest piece in the foreground and the tubing extending towards the top right. A teal vertical bar is positioned on the left side of the image. The text "Important Information" is centered over the stethoscope.

Important Information

2023 Part B IRMAA Income Bracket

If your yearly income in 2021 (for what you pay in 2023) was			You pay each month (in 2023)
File individual tax return	File joint tax return	File married & separate tax return	
\$97,000 or less	\$194,000 or less	\$97,000 or less	\$164.90
above \$97,000 up to \$123,000	above \$194,000 up to \$246,000	Not applicable	\$230.80
above \$123,000 up to \$153,000	above \$246,000 up to \$306,000	Not applicable	\$329.70
above \$153,000 up to \$183,000	above \$306,000 up to \$366,000	Not applicable	\$428.60
above \$183,000 and less than \$500,000	above \$366,000 and less than \$750,000	above \$97,000 and less than \$403,000	\$527.50
\$500,000 or above	\$750,000 or above	\$403,000 or above	\$560.50

2023 Part D IRMAA Income Bracket

If your filing status and yearly income in 2021 was			
File individual tax return	File joint tax return	File married & separate tax return	You pay each month (in 2023)
\$97,000 or less	\$194,000 or less	\$97,000 or less	your plan premium
above \$97,000 up to \$123,000	above \$194,000 up to \$246,000	not applicable	\$12.20 + your plan premium
above \$123,000 up to \$153,000	above \$246,000 up to \$306,000	not applicable	\$31.50 + your plan premium
above \$153,000 up to \$183,000	above \$306,000 up to \$366,000	not applicable	\$50.70 + your plan premium
above \$183,000 and less than \$500,000	above \$366,000 and less than \$750,000	above \$97,000 and less than \$403,000	\$70.00 + your plan premium
\$500,000 or above	\$750,000 or above	\$403,000 or above	\$76.40 + your plan premium

LACERS and IRMAA

- LACERS does not have jurisdiction towards the requirements related to IRMAA. Medicare is a federal health insurance for people 65 or older and is a separate entity from LACERS.
- Retired Members are required to follow Medicare rules and policies as well as paying the Part B premium, IRMAAs, and any penalties to remain enrolled in Medicare.
- Currently, the Los Angeles Administrative Code (LAAC) only provides LACERS the authority to reimburse the Medicare Part B Basic/Standard premium for Retired Members who meet all the requirements. This reimbursement does not apply toward dependents who are not a Retired Member or eligible Survivors.
- The Medicare Part B premium reimbursement is only for the basic premium amount. LACERS does not reimburse any IRMAA or penalty costs.

Can you appeal your IRMAA?

- Yes, you have the right to appeal if you disagree with the IRMAA decision.
- The fastest and easiest way to file an appeal of your decision is online at [SSA.gov](https://www.ssa.gov).
- You may also request an appeal in writing by completing a *Request for Reconsideration* (Form SSA-561-U2) available online at [SSA.gov](https://www.ssa.gov).
- You can also call Social Security at (800) 772-1213 to request an appeal form or an appointment with your local Social Security office.



NOTE: the above information is based on information provided by Social Security office. If their processes or rules change, please contact Social Security.

Can LACERS File the Appeal?

No, LACERS cannot speak to Medicare or Social Security on your behalf.

If you need help filing an appeal:

- Contact your State Health Insurance Assistance Program (SHIP), shiphelp.org
- Or, you can appoint a representative to help you. Your representative can be a family member, friend, attorney, or someone else who will act on your behalf.

How to appoint a representative:

- Complete an Appointment of Representative form available on medicare.gov, or
- Submit a written request with your appeal.

Please visit medicare.gov or call 1-800-MEDICARE for more information.

For Additional Information

Social Security Administration (SSA)

(800) 772-1213 | (800) 325-0778 TTY

[SSA.gov](https://www.ssa.gov)

Centers for Medicare & Medicaid Services (CMS)

(800) 633-4227 | (877) 486-2048 TTY

[medicare.gov](https://www.medicare.gov)

The Center for Healthcare Rights

(800) 824-0780

[healthcarerights.org](https://www.healthcarerights.org)

Los Angeles City Employees' Retirement System

(800) 779-8328 | (888) 349-3996 RTT

[LACERS.org](https://www.lacERS.org)

Other Helpful Websites:

[CMS.gov](https://www.cms.gov)

[HealthCare.gov](https://www.healthcare.gov)

[Medicaid.gov](https://www.medicaid.gov)

The Process for LACERS Benefit Changes

Step 1 - Negotiations & Agreement

- City Management represented by the CAO and Unions negotiate benefits
- LACERS (subject matter expert – is not involved in negotiations or decision-making).
- We review whether we can administer the proposed benefit



Step 2 - Required Actuarial Cost Study

- After Management & Unions agree upon the proposed benefits, an actuarial study is required
- Actuary analyzes the demographic and provides the cost to provide the benefit



Step 3 - Consideration & Approval

- City Council decides whether to consider the item
- If Council approves the item, City Attorney is tasked to draft the ordinance
- The ordinance must return to Council for adoption

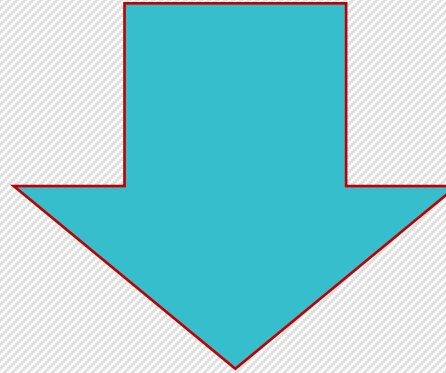


Step 4 - Administer the Benefit

- LACERS begins implementation
- Updates are made to publications, forms, computer systems, policies, and procedures
- LACERS must communicate the benefit changes to affected Members

Actuarial Cost Study Parameters

- All LACERS benefit changes must be accompanied by a cost study done by an Actuary
- LACERS weighs in on the administrative feasibility of benefit changes



Reimbursement based on a set amount independent of subsidy
Reliance on LACERS' existing records

Timeliness of benefit delivery

Reimbursement based on excess subsidies that some member have
Reliance on Member submitting income tax returns



Benefit Enhancement Requests Made by Members

Type of Benefit	Current Benefit	Requested	Approval Needed	Benefits Administration Concerns
Reimbursement of Medicare Part B <u>Basic</u> Premium	No reimbursement for Members with Medicare Part B only	The same reimbursement levels as Members with Parts A&B	City Council Approved Ordinance	The actuarial cost study must reliably calculate the cost of the benefit
	<u>Basic</u> premium reimbursement for Members with Medicare Parts A&B	Reimbursement of IRMAA surcharges	City Council Approved Ordinance	Calculation methodology of the benefit must allow LACERS to meet standards of timeliness and accuracy

Benefit Enhancement Requests Made by Members

Type of Benefit	Current Benefit	Requested	Decision Maker(s)	Benefit Administration Concerns
Ability for Part B-only Members to enroll in Medicare Advantage Plans which provide enhanced benefits	Part B only Members participate in the Anthem non-Medicare plans or Kaiser Senior Advantage HMO	Part B-only Members would like the option to participate in the 3 Medicare Advantage Plans offered by Anthem, SCAN and United Health Care	Center for Medicare Services Medicare Plan Providers City Council Ordinance	If approved by the 3 entities, LACERS does not see any issues in administering the benefits.

Questions?

(800) 779-8328 | (888) 349-3996 RTT

lacers.health@lacers.org

[LACERS.org](https://www.lacers.org)

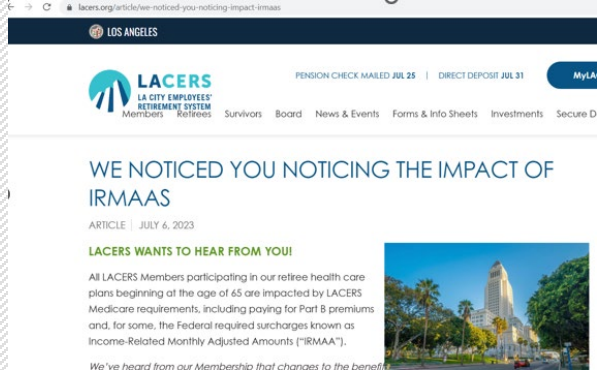
P.O. Box 512218

Los Angeles, CA 90051-0218



WWW.LACERS.ORG

WATCH FOR UPDATES ON IRMAA WEBPAGE INCLUDING Q&A



SUBMIT PUBLIC COMMENTS OR TAKE A SURVEY

TAKE OUR IRMAA SURVEY

We appreciate your input regarding this issue. Please participate in our [online survey](#).

SUBMIT A PUBLIC COMMENT TO OUR BOARD OF ADMINISTRATION

Our Board cares about issues impacting our Members. You can submit a public comment regarding this issue by [submitting this form](#) or you can participate in the public comment portion at an upcoming Board Meeting.



ATTEND THE IN-PERSON MEETING

UPCOMING MEETINGS

**In-Person Meeting at
LACERS Headquarters, 977 N. Broadway
Thursday, July 20, 2023
10:00 a.m. to 12:00 p.m.**



INFLUENCE THE DECISION-MAKING PROCESS

