

LACERS

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM



# LACERS Medicare Guide



Securing Your Tomorrows

# Your LACERS Medical Benefits and Medicare

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The Los Angeles City Employees' Retirement System (LACERS) provides quality medical benefits to you, as an eligible retired Member, and your dependents. This booklet contains important information and the steps you must take to maintain your LACERS medical subsidy and medical plan coverage when you retire. Please read the Step-By-Step Guide to Enrolling in a LACERS Medical Plan on the back cover, which outlines what you need to do 90 days before you turn age 65. We encourage you to seek assistance from LACERS staff if you believe you will have difficulty handling your Medicare enrollment and paying your Part B premiums on time. You can find out more about Medicare by contacting your nearest Social Security office or visiting the Social Security Web site at [www.ssa.gov](http://www.ssa.gov).

**If you and your eligible Surviving Spouse/  
Domestic Partner live outside of California, or  
live in California but outside the authorized  
zip code service areas of Kaiser, SCAN, Blue  
Cross HMO or Secure Horizons, you may be  
eligible to enroll in the LACERS Medical  
Premium Reimbursement Program. Contact  
LACERS for more information.**

# Upon Turning Age 65, How Do I Maintain My LACERS Subsidy and Medical Plan Coverage?

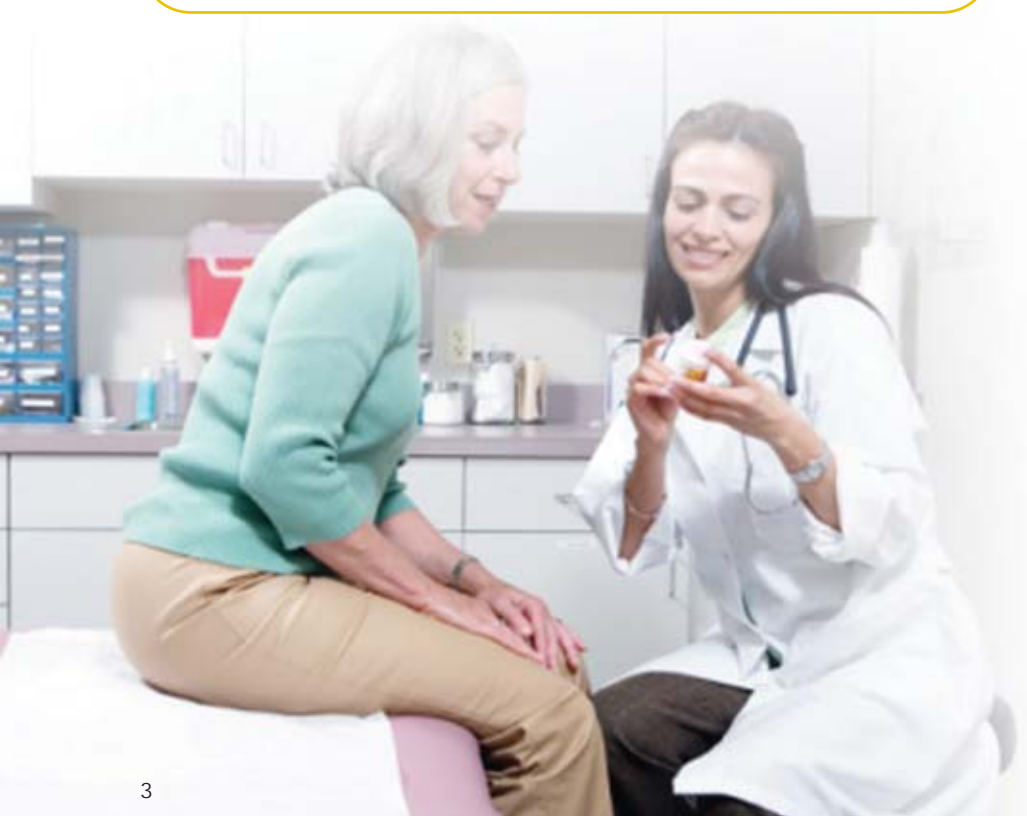
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Upon turning age 65, LACERS requires that you and your eligible dependents:

- Enroll In Medicare Part B and present proof of coverage to LACERS.
- Enroll In Medicare Part A only if you or your spouse are entitled to premium-free Medicare Part A based on years of employment, disability, and/or end-stage renal disease. You must also provide LACERS with proof of enrollment in Medicare Part A. Remember, if you are not entitled to premium-free Medicare Part A, you are not required to obtain it.
- For Kaiser, Secure Horizons & SCAN Members: Assign your Medicare to your LACERS Medicare HMO. If you are eligible for Part B only, assign your Medicare to Kaiser. If you are eligible for both Parts A and B, assign your Medicare to SCAN or Secure Horizons.
- For Blue Cross PPO or HMO Members: Although you are not required to assign your Medicare Part A and/or Part B to Blue Cross, you must complete a Blue Cross Medicare Part D enrollment form provided by LACERS.
  - You may select the Blue Cross PPO regardless of your Medicare status

- You may select the Blue Cross HMO if you have Medicare Part B only
  - You may not enroll in the Blue Cross HMO plan if you have both Medicare Parts A & B
- Do Not Enroll In Medicare Part D separately from LACERS. Medicare Part D is already integrated into your LACERS health plan.

**If you enroll in Medicare Part D as an individual or are enrolled in Part D through another group medical plan, your LACERS medical plan will be terminated.**



# Medicare

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## **What is Medicare?**

Medicare is a federal health insurance program for people age 65 or older, people under age 65 with certain disabilities, and people of all ages with End-Stage Renal Disease (permanent kidney failure requiring dialysis or a kidney transplant).

## **When should I enroll in Medicare?**

If you retire before reaching age 65, you should enroll with Social Security 90 days before you turn age 65 to avoid medical insurance cancellation. However, if you work for the City beyond age 65, you can defer your Medicare enrollment without incurring the 10% late-enrollment penalty. However, you must enroll immediately at the time of your retirement. In this case, we recommend you begin the Medicare enrollment process 60 days before your retirement.

## **What if I enroll in Medicare after my 65th birthday?**

If you retire before reaching age 65, and you miss enrolling in Medicare during the three months before or after you turn age 65, you can only enroll in Medicare during Social Security's General Enrollment period of Jan. 1 – Mar. 31 of each year.

In this case, your Medicare effective coverage date is July of that year. However, if your LACERS health insurance is cancelled because you did not provide proof of Medicare by your birth date, you must wait until the next Open Enrollment period (October) to enroll in a LACERS plan and coverage will not begin until the following January. Proof of Medicare must be presented at that time. Also, if you enroll after you reach age

65, a 10% penalty will be added to your monthly premium for every year that you neglect to enroll in Medicare Part B and must be paid as long as you are enrolled in Medicare. (LACERS does not reimburse Members for this penalty).

### **What if I don't enroll in Medicare?**

If you and your dependent(s) do not submit proof of your Medicare Part B insurance (and Medicare Part A, if applicable) and your senior enrollment application(s) to LACERS by your 65th birthday, you will lose your:

- LACERS medical plan coverage
- LACERS medical subsidy
- Medicare Part B reimbursement if you have both Medicare Parts A and B (Reimbursement applies only to City Retirees)

## Medicare Part A

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### **What is Medicare Part A?**

Medicare Part A is hospital insurance that pays for inpatient hospital stays, care in a skilled nursing facility, hospice care, and some home health care.

### **Am I eligible for Premium-Free Medicare Part A?**

You are eligible for premium-free Medicare Part A (which covers hospitalization) if:

- You or your spouse earned 40 or more quarters of

Medicare credit through your payroll taxes (your domestic partner must establish eligibility separately).

*Note: If you were hired by the City before April 1, 1986, you did not pay Medicare payroll taxes and are not entitled to Medicare Part A based on your City service.*

**Remember:**

- If you qualify for Medicare Part A based on your spouse's eligibility, you must apply separately for it.
- If you have Medicare Parts A and B and are enrolled in one of our HMO plans, you must assign your Medicare benefits to that HMO plan. Note: Kaiser subscribers with only Part B are also required to assign the benefit.
- If you qualify for and enroll in Medicare Part A, your Medicare coverage begins on the first day of the month you turn 65.

## Medicare Part B

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### **What is Medicare Part B?**

Medicare Part B is voluntary medical insurance that helps cover your doctors' services and outpatient care. It also covers some other medical services that Part A doesn't cover, such as some of the services of physical and occupational therapists, and some home health care.

You pay a monthly premium when you enroll in Medicare Part B. The 2006 Medicare Part B premium is \$88.50 per month and changes annually.

### **Is there a penalty if I enroll late in Medicare Part B?**

Social Security assesses a 10% Medicare Part B late-enrollment penalty for each year you were eligible to enroll in Medicare Part B but did not. You will be assessed this penalty as long as you are enrolled in Medicare. Under certain circumstances, you may qualify for a penalty waiver. LACERS will not reimburse you for any late-enrollment penalty. Contact LACERS for more information.

### **Will LACERS reimburse me for my Medicare Part B premium?**

LACERS may reimburse you — the City retiree — for your basic Medicare Part B premium if:

- You are covered by both Medicare Parts A & B.

**-and-**

- You are enrolled in a LACERS medical plan or the Medical Premium Reimbursement Program.

**IMPORTANT: If Social Security tells you that Medicare Part B is optional, simply tell them that LACERS requires you to obtain it.**

## How will the Medicare Part B tiered premiums affect Medicare Part B?

Beginning in 2007, the Medicare Part B premium will increase if your retiree income exceeds \$80,000 per year (\$160,000 for couples). In such cases, the federal government will contribute less towards Part B coverage.

Currently, everyone pays for 25% of the premium and taxpayers pay the remaining 75%.

- Single retirees earning from \$80,000 - \$100,000 (\$160,000 - \$200,000 couples) will pay 35% of total premium;
- Single retirees earning from \$100,000 - \$150,000 (\$200,000 - \$300,000 couples) will pay 50% of total premium;
- Single retirees earning from \$150,000 - \$200,000 (\$300,000 - \$400,000 couples) will pay 65% of total premium;
- Single retirees earning above \$200,000 (Above \$400,000 couples) will pay 80% of total premium

**Whether or not Members will be reimbursed in excess of the Medicare Part B basic rate has not been determined at the time of this printing.**

## If I'm enrolled in a Blue Cross PPO or HMO Plan, what must I do?

- Submit proof of Medicare to LACERS by your 65th birthday. No senior application is required.
- Complete the Blue Cross Medicare Part D enrollment form provided by LACERS.
- Blue Cross HMO is only for retirees under age 65 or over age 65 with Part B only. If you are currently enrolled in Blue Cross HMO and will have both Medicare Parts A & B upon reaching age 65, then you must select another LACERS medical plan when you reach age 65.



A sample Medicare Health Insurance Card. The card features a red and blue header with the text "MEDICARE HEALTH INSURANCE" and the Medicare seal. Below the header is the phone number "1-800-MEDICARE (1-800-633-4227)". The beneficiary's name is "JANE DOE". The Medicare claim number is "000-00-0000-A" and the sex is "FEMALE". The card is entitled to "HOSPITAL (PART A) MEDICAL (PART B)" with an effective date of "07-01-1986". A signature line is present with the text "SIGN HERE". At the bottom, it states "DO NOT SEND CLAIMS FOR PAYMENT OF MEDICARE BENEFITS TO THIS (↓) ADDRESS". A large "SAMPLE" watermark is overlaid on the card.

<b>MEDICARE HEALTH INSURANCE</b>	
1-800-MEDICARE (1-800-633-4227)	
NAME OF BENEFICIARY	<b>JANE DOE</b>
MEDICARE CLAIM NUMBER	<b>000-00-0000-A</b>
SEX	<b>FEMALE</b>
IS ENTITLED TO	<b>HOSPITAL (PART A) MEDICAL (PART B)</b>
EFFECTIVE DATE	<b>07-01-1986 07-01-1986</b>
SIGN HERE	_____
DO NOT SEND CLAIMS FOR PAYMENT OF MEDICARE BENEFITS TO THIS (↓) ADDRESS	

Sample Medicare Health Insurance Card

# Medicare Part D

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## **How does Medicare Part D work with my LACERS medical plan?**

As of January 1, 2006, the Medicare Part D Prescription Drug Benefit (which is part of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003) provides elderly and disabled people on Medicare access to prescription drug coverage.

## **Here is how Medicare Part D will work with your LACERS medical plan:**

- The Part D benefit will provide financial credits from the federal government that enable employer-sponsored plans such as LACERS to maintain prescription drug benefits for retirees.
- Credits from Part D will be used to help LACERS pay for a portion of your drug costs and these savings will be passed on to you in the form of lower premiums.
- Creditable coverage means your prescription drug benefit is equal to or exceeds the standard value under Medicare Part D. Your LACERS medical plan satisfies the Medicare creditable coverage requirement – you do not need to enroll in another medical plan.

## If I'm already enrolled in a LACERS medical plan...

- **What are the Medicare Part D enrollment requirements for Kaiser Senior Advantage, SCAN and Secure Horizons?**

You do not need to enroll in Medicare Part D separately or pay the monthly premium. You will be automatically enrolled in Part D at the time you enroll in Kaiser Senior Advantage, SCAN or Secure Horizons. You will not receive a separate ID card for your prescription drug coverage.

- **What are the Medicare Part D enrollment requirements for Blue Cross PPO or HMO?**

If you are Medicare eligible, LACERS will provide you with a separate form to complete entitled *Blue Cross MedicareRx Medicare Prescription Drug Plan Group Member Enrollment Form*. You must list LACERS in the box requesting the name of your employer. You must complete this form entirely, sign it, and submit it to LACERS. You will not be charged monthly premiums for Medicare Part D. You will receive a separate ID card for your prescription drug coverage.

## **What if I am not enrolled in a LACERS medical plan and do not maintain creditable coverage?**

Enrollment in Medicare Part D first became available from November 15, 2005 to May 15, 2006. In most cases, if you did not enroll by May 15, 2006, and you do not currently have creditable prescription drug coverage, you must wait until November 15, 2006 to enroll in Medicare Part D. When you do, you'll pay a 1% per month penalty on your premium for every month that you waited to enroll. Like other Medicare insurance, you must pay this penalty as long as you have Medicare prescription drug coverage. If you enroll by December 31, 2006, your coverage will begin January 1, 2007.

## **What if I sign up for a Medicare Plan outside of LACERS?**

If you are enrolled in a LACERS Medical Plan and you sign up for a Medicare plan outside of LACERS, the Centers for Medicare and Medicaid Services (CMS) will notify your LACERS HMO plan provider that you have "unassigned" your Medicare from that plan and your LACERS medical insurance will be terminated.

## **What if I am currently enrolled in a second Medicare Plan?**

If you are covered by a second Medicare plan that offers the Part D prescription drug benefit, you must decide whether to keep your LACERS plan or your other health insurance plan. We recommend that you verify any rules affecting your coverage through your second plan with that plan sponsor – we are unable to obtain this information for you. Remember, if

you enroll in Medicare Part D through your second plan, your LACERS medical plan will be terminated.

**If you do enroll in Medicare Part D on your own - in either a group plan or as an individual - your LACERS medical plan will be terminated.**

## Should I buy a Medigap Insurance Policy?

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Don't buy a Medigap policy from a private insurer or insurance agent thinking you will obtain benefits in addition to your LACERS medical plan, because you probably won't.

As a Medicare-eligible senior enrolled in a LACERS medical plan, you are already receiving the maximum benefit from Medicare and your LACERS plan. The large gaps in traditional Medicare program coverage are covered by your LACERS Medicare Supplement (Blue Cross PPO) or Medicare Advantage (Kaiser Senior Advantage, Secure Horizons, SCAN) plan.



## Anything else I need to know?

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- **Social Security Bills You For Medicare Part B Every 3 Months**

However, if you are receiving Social Security, your Medicare Part B costs will be deducted from your Social Security check.

- **Your Medicare Insurance Must Be Available To Your LACERS Medical Plan**

If your Medicare Insurance is assigned to a plan other than LACERS, you may not enroll in a LACERS plan (Kaiser, Secure Horizons, SCAN, Blue Cross). You and/or your dependent must disenroll from that plan before the effective coverage date of your LACERS plan. Your LACERS medical insurance will terminate if you assign your Medicare to a non-LACERS plan.



## What if I need additional assistance?

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### Contact your health representative:

- Kaiser Permanente - (213) 473-7148
- Blue Cross PPO/Medicare Supplement - (213) 473-7162
- Secure Horizons - (213) 473-7141
- Blue Cross HMO – (213) 473-7141
- SCAN – (213) 473-7141

## **REMEMBER: Your LACERS Medical Plan Will Be Terminated If You...**

- Unassign your Medicare insurance (A, B, or D) from your LACERS HMO plan

**-or-**

- Sign up for a separate Medicare Part D plan or other plan

**-or-**

- Fail to pay your Medicare Part B insurance

**Depending on when your LACERS plan was terminated, you may have to wait until July 2007 to re-enroll in a LACERS plan and receive a subsidy (if eligible).**

## **Protect your medical benefits**

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Enroll as required by LACERS, assign your Medicare benefits to your LACERS medical plan, and keep your medical costs down!



## Checklist of things to do

- Contact your LACERS health representative to discuss your health enrollment and benefit options.
- Contact Social Security, sign up for your benefits and find out if you are eligible for Medicare Part A. Enroll in Medicare Part B early – before your 65th birthday.
- Submit proof of Medicare (A and B or B only) and your plan's Medicare enrollment form(s) (which assigns your Medicare to your LACERS HMO plan) to LACERS by your 65th birthday.
  - Do not assign your Medicare benefits to any other medical plan provider. If you do so, your LACERS medical insurance will be terminated.
  - Note: Members who fail to submit their Medicare card by their 65th birthday will be required to provide additional proof of enrollment. If no proof is provided, medical insurance coverage will be terminated.

# Your Step-By-Step Guide To Enrolling in a LACERS Medical Plan

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90 days before you turn age 65:

▼  
Contact Social Security

▼  
Enroll in Medicare Part A  
only if you can do so premium-free

▼  
Enroll in Medicare Part B (EVERYONE is eligible).  
This is required to enroll in a LACERS plan

▼  
Submit proof of your current Medicare coverage  
to LACERS no later than your 65th birthday.

▼

**For Kaiser, Secure Horizons & SCAN Members:** You are required to complete a senior enrollment form (provided by LACERS) and assign your Medicare benefits to your HMO Plan Provider

**Complete a LACERS medical enrollment form and assign your Medicare benefits to your HMO Plan Provider when you, the City retiree, are age 65**

**For Blue Cross PPO or HMO Members:** You are not required to assign your Medicare Part A and/or Part B to Blue Cross. However, you must complete a Blue Cross Medicare Part D Enrollment form, which will be provided by LACERS.

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If you do not provide LACERS with proof of Medicare coverage for you and your dependent(s) and assign (if applicable) your Medicare benefits to your HMO, your and/or your dependent's coverage will be terminated.

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