



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

Attention

- 1. 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.**
 - 2. 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.**



Agenda

- ❖ **What is Medicare?**
- ❖ **What is IRMAA?**
- ❖ **LACERS Requirements**
- ❖ **How it Impacts You**

A Note for Active Members

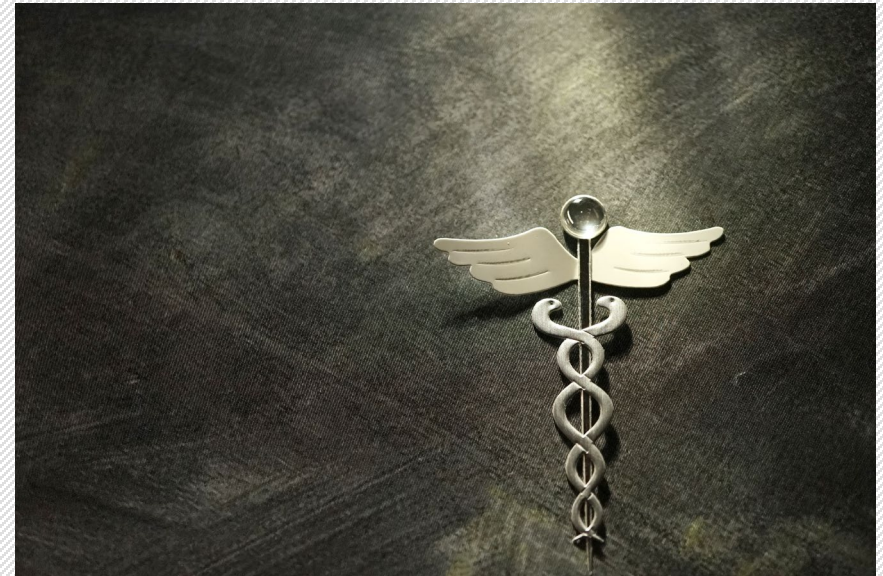
- **You're ahead of the game! This presentation is designed for Retired Members approaching Medicare age.**
- **Members who are still working for the City of Los Angeles **do not** have to apply for Medicare until they retire.**
- **Active health benefits are provided by Employees Benefits.**
- **Please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

A stethoscope is positioned diagonally across the frame, with its chest piece in the lower foreground and its earbuds in the upper right. The background is a plain, light-colored surface. On the left side, there is a solid teal vertical rectangular bar. The text "What is Medicare?" is centered in the middle of the image.

What is Medicare?

Medicare Basics

- Medicare is a 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.

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 Social Security to sign up for Medicare.



Medicare Requirements

According to the Los Angeles Administrative Code 4.111(f), 4.1126(e) and LACERS Board Rules HBA 2(d), when you or any dependent(s) become Medicare eligible, you are **required** 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).

For LACERS Members retiring at age 65 or older, and their dependent(s) over age 65, Medicare allows you to defer enrollment in Medicare Part B until you retire. This is known as a Special Enrollment Period (SEP).

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What is IRMAA?

Income Related Monthly Adjustment Amounts (IRMAA)

- **IRMAA was developed as a cost-sharing measure to strengthen the financial stability of the Medicare program.**
- **The Social Security Administration (SSA) 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 IRMAA which is a surcharge on top of the basic Medicare Part B and D premium rates.**
- **The MAGI may include but not 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 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

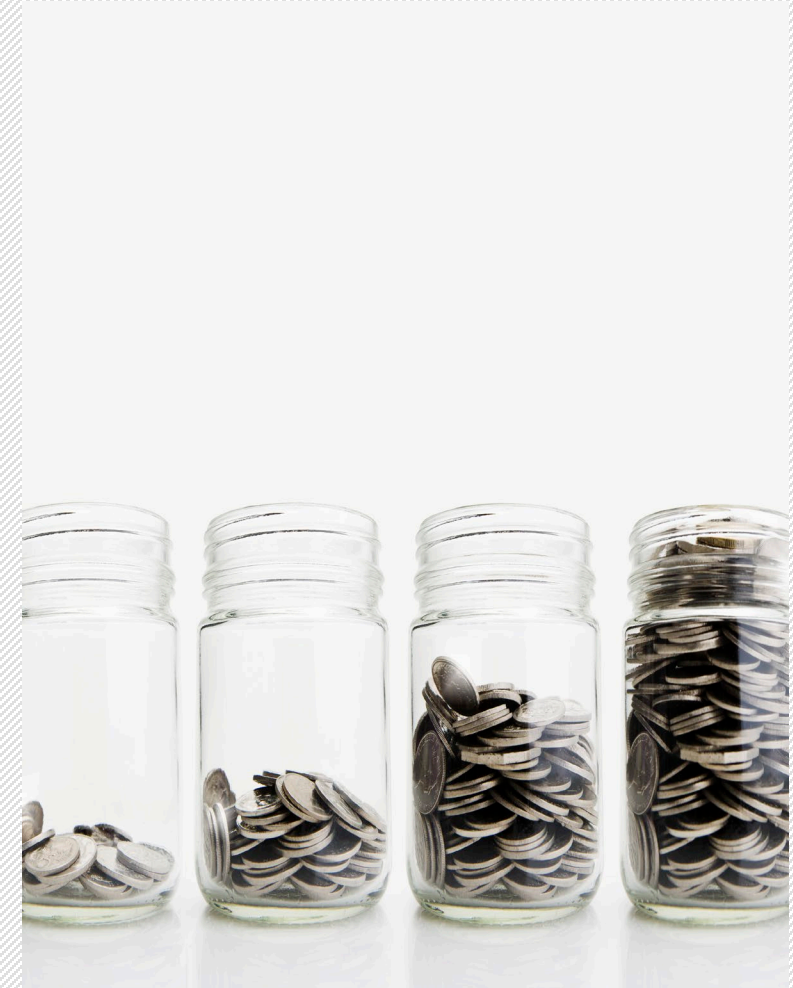
The income levels are different for someone who files as single or married filing jointly.

WHO WILL BE CHARGED 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:

- **\$97,000 in 2023, if you file an individual tax return or are married and file separately.**
- **\$194,000 in 2023, 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.



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

HOW LONG DOES IRMAA LAST?

- IRMAA is calculated every year using your income data provided by you to the IRS.
- You may have to pay the IRMAA one year, but not the next if your income falls below the threshold.
- If your 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.
- Your Medicare Part B reimbursement will be **terminated** and you will be responsible for repayment of the Part B 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.
- Your Medicare Part B reimbursement will be **terminated** and will be responsible for the repayment of the Part B reimbursement.

Ways to Pay Your Medicare Premium(s) and IRMAAs

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

- Medicare will bill you directly on a quarterly basis.
- If you receive a Social Security check, the premium(s) will be deducted from it on a monthly basis.
- You can sign up for the Medicare Easy Pay which is a monthly automatic electronic deductions from your savings/checking account.
- LACERS **DOES NOT** process your Medicare payments.
- LACERS **CAN NOT** directly pay your Medicare premium from your LACERS' monthly allowance.

Medicare Easy Pay Payment Option

What is Medicare Easy Pay?

- Medicare Easy Pay is a payment option for your Medicare Part B & D premiums.
- Monthly automatic electronic deductions from your savings/checking account;
- Assists you in making Medicare premium payments on time and regularly.

Note: If you receive a Social Security check and your Medicare Part B premium is deducted from it, then you do not need to participate in Medicare Easy Pay.



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

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.

Prescription Benefits: Medicare Part D

- Medicare Part D is the Medicare prescription drug benefit which is already included in LACERS senior medical plans.
- Be very **cautious** of other senior medical plan advertisement, e.g. mail, television, radio and social media.
- *If you enroll into an individual senior medical plan or prescription drug plan, your LACERS senior medical plan will be **terminated**.*



How do You Re-enroll in Medicare Part B Once it Lapses?

- **Contact Social Security Administration regarding your Medicare lapse and request a reinstatement.**
- **Contact the Los Angeles County's Health Insurance Counseling & Advocacy Program (HICAP), Center for Healthcare Rights, at (213) 383-4519 or visit their website www.healthcarerights.org. For other California counties call (800) 434-0222 and for other states contact your State Health Insurance Assistance Program (SHIP), www.shiphelp.org. Staff will assist you in reinstating your Medicare.**
- **Once your Medicare Part B has been reinstated, please contact LACERS immediately. You have 30 days to re-enroll in a LACERS plan after reinstating your Medicare or you will have to wait until the next Open Enrollment period. Any gaps in coverage may result in a Medicare Part D Late Enrollment Penalty.**

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 www.ssa.gov .
- You may also request an appeal in writing by completing a *Request for Reconsideration* (Form SSA-561-U2) available online at 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.



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), www.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

www.ssa.gov

**Centers for Medicare & Medicaid Services
(CMS)**

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

www.medicare.gov

The Center for Healthcare Rights

(800) 824-0780

www.healthcarerights.org

**Los Angeles City Employees' Retirement
System**

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

www.lacers.org

Other Helpful Websites:

www.CMS.gov

www.HealthCare.gov

www.Medicaid.gov

Questions?

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

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