

This is a short but very informative article from List Member Les Robbins, who is on the LACERA Board of Retirements. If you have questions about this article, please email Les at Leslasd@aol.com

Medicare questions are the most frequent questions that I get from retirees, bar none. So if you are about to turn 65 what are your choices? First off you have to be eligible. Most people who retire today are eligible but in the past we had a significant group of people who were not eligible. Most of my comments are directed at retirees who are NOT in Kaiser Permanente. If you are in Kaiser Permanente it is kind of a no-brainer to join Senior Advantage. you lose nothing and actually it is cheaper than not doing so and staying in one of the non-medicare Kaiser plans. Just do it, if eligible, and don't worry about it. If you are in one of the Anthem Blue Cross Plans you have choices and here what your choices are: 1. Do nothing and stay in the ABC Plan that you are in, which is probably either ABC II or Prudent Buyer....by the way if you are in Prudent Buyer you should get out and move to ABC II because Prudent Buyer is an inferior plan, period. Unless you hired on after 2013 you have a choice to NOT join medicare. There are some exceptions to this but you would have to be someone who has reciprocal time with another system, like CALPERS, and they may require you to join Medicare if you are eligible. But if all of your time is with LACO you are not required to move to Medicare. 2. Join Medicare and remain in ABC II. If you do this you will have to pay the entire part B premium yourself and you will not get the County Reimbursement, which is about \$121 a month of your part B premium. You also will be responsible for the annual deductible. Your maximum out of pocket is still \$2,000 and our deductible is \$500 for an annual maximum out of pocket of \$2,500 3. Join Medicare and move to ABC III, our Medicare Advantage ABC Plan. If you do this part of your Medicare Part B Premium will be reimbursed by the county, but probably not all of it. You also still have an annual maximum out of pocket of \$2,000 but your deductible goes away. No annual deductible in Medicare. OK, if you join Medicare it becomes your primary insurance plan and when you go to the doctor they will have to bill Medicare first and then ABC second. So if your doctor doesn't take medicare, you will be forced to find a new one. This does not apply to hospitals under Medicare Part A, by the way. Medicare has limited benefits for out of country claims. So if you are in ABC III you could be in a bit of a bind, absent travel insurance, if you have a major claim out of country. ABC II pays no matter what so even if you are in medicare if you have ABC II you have no out of country worries and your coverage stays the same. Part B premiums are the real concern now as Medicare is Means Testing people and requiring higher earning pensioners to pay more and more and more. If you are retired and are making Lieutenant's pay or more you will see a Part B Premium that is well above the limit that the county currently pays, which is set at about \$85K per year....btw, top step deputies are now making \$100k a year. Currently maximum Medicare Part B Premiums are around \$400 per MONTH, so if you are in Medicare the annual deductible savings that you get by being in Medicare gets wiped out in a little over a month because of your means tested part B premium....If you are a high wage earner you really need to talk to someone at LACERA as we have the Medicare Part B Tables and our staff can give you an accurate idea of what your monthly Part B Premium will be. Currently the ABC II Plan has a lifetime maximum of \$1,000,000. Medicare, under the ACA improvements has no lifetime maximum. If you have some sort of chronic, long term expensive medical issues this may be something that want to weigh heavily in your decision of whether to or not to join Medicare. No one knows what will happen with the continuing Part B premium escalations and there are rumors that part D (Prescription drugs) will be next up on the means testing, which means that we could be responsible for

paying for that premium as well, at some time in the future! Hopefully this information will be of assistance to some of you who are approaching Medicare eligibility.

ONE CORRECTION TO MY ARTICLE POINTED OUT TO ME BY OUR DIRECTOR OR RETIREE HEALTHCARE:

With ABC II you have a maximum out of pocket per year of \$2,000 plus your \$500 deductible.

With ABC III there is NO ANNUAL MAXIMUM OUT OF POCKET. You have no annual deductible but if Medicare refuses to pay this plan will not cover the treatment...so your maximum out of pocket exposure is, theoretically, unlimited!!

Also to clarify the \$85,000 annual amount referred to in my article. Medicare uses a term called Modified Adjusted Gross Income or MAGI....you can google this and find out more about it but it does not refer to just your LACERA pension or your combined LACERA and CALPERS pension. It refers to ALL INCOME THAT YOU WOULD HAVE IN RETIREMENT....Hopefully this answers a few questions.....

A little more information: If you go to www.socialsecurity.gov you can download the section entitled "Medicare Premiums: Rules for Higher-Income Beneficiaries

This contains all of the information that anyone would need in order to make an informed decision re: Medicare part B, premium amounts, etc.....btw, LACERA staff also has this information...we will get more and more questions about this as deputies make more and more money.....even a top step deputy will exceed the \$85K MAGI number....let alone sergeants, lieutenants, captains, etc etc etc

Anthem Blue Cross Prudent Buyer vs. Anthem Blue Cross Plan II

I still get an occasional question from deputies asking why go into ABC II and not Prudent Buyer....as some of you know, and Blue Cross Plans have the name Prudent Buyer, and many deputies confuse the ALADS PRUDENT BUYER Health Insurance Plan with the Retiree Prudent Buyer Plan...I put together the ALADS PRUDENT BUYER plan early on in my tenure on that board and am very proud of that fact. Having said this it is important to understand that the ALADS PLAN is much different than the LACERA PRUDENT BUYER PLAN.

There is one HUGE DIFFERENCE between ABC II and the Prudent Buyer Plan...the annual maximum out of pocket that you can be hit for under the ABC II Plan is \$2,000 plus your \$500 deductible....under the Prudent Buyer Plan there is NO MAXIMUM OUT OF POCKET, so you could be hit for thousands and thousands of dollars if you have a major medical claim....so like I said in the other thread I wrote on Medicare, if you are in the Prudent Buyer Plan I would SERIOUSLY CONSIDER GETTING OUT AND MOVING TO THE ABC II PLANS....AND BEFORE YOU ALL START ASKING, LACERA has open enrollment TWICE A YEAR....