

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT**

## Human Resources

To:	Board of Trustees	Date: August 9, 2021
Re:	Approval of Medicare Enrollment for Eligible Retirees	
Action:	Request for Approval	

**BACKGROUND**

Currently, RSCCD allows Medicare eligible retirees and Medicare eligible spouses (Medicare eligible are those who are age 65 and older) to enroll in the same medical plans offered to active employees and early retirees (early retirees are those younger than 65). This practice called “blending” has created significant premium costs for RSCCD. To ensure the affordability, accessibility, and security of medical benefits for all RSCCD stakeholders it has been decided that transitioning Medicare eligible retirees into a Medigap plan allows RSCCD to meet its operational and financial objectives. Specifically, this transition would reduce both the total premium costs for medical benefits and the Other Postemployment Benefits (“OPEB”) liability held by RSCCD.

To accomplish this transition, it has been determined that beginning with open enrollment in 2022, all Medicare eligible retirees and Medicare eligible spouses should be required to enroll in a RSCCD sponsored MediGap plan.

The current MediGap plan sponsored by RSCCD is the CompanionCare plan which is a Blue Cross Medicare Supplement Plan.

Retirees covered under a MediGap plan may access medical services with any U.S. provider who accepts Medicare assignment. Members self-refer to any U.S. provider who accepts Medicare assignment and when the medical service is approved by Medicare, and the provider accepts Medicare assignment, the member cost share is zero.

**ANALYSIS**

The transition of all Medicare eligible retirees and Medicare eligible spouses will require the following three (3) steps:

- (i) **Mandate Enrollment in MediGap Plan:** This provides formal guidance to RSCCD retirees regarding the requirement for all retirees and spouses who are Medicare eligible to enroll in a MediGap plan that includes automatic enrollment in Part D beginning with open enrollment in 2022. Further, Medicare eligible retirees and their Medicare eligible spouse, shall receive a District sponsored Medigap plan and enrollment in Part D to the length and/or at the threshold as specified in the applicable collective bargaining agreements or Board Policy. Along with underlying Medicare Parts A, B and D, the Medigap plan will be designed to provide competitive coverage in alignment with the current District active plans.

- (ii) **Enrollment in Medicare Part A & Part B:** A requirement for enrollment in the MediGap plan is that the retiree have both Medicare Part A & Part B. Thus, all individuals who do not have both Part A & B will have an opportunity to enroll beginning January 1, 2022 – March 31, 2022. RSCCD will provide education and support for all retirees who need to enroll in either Part A or Part B.
- (iii) **Reimbursement of Penalties:** The late enrollment in Medicare Part A or Part B can trigger certain financial penalties that will be assessed against the retiree. To ensure the smoothness of the transition, the District will reimburse any penalties associated with late enrollment in Medicare Part B for eligible retirees. It is also the intent that reimbursement occur only to the length and/or at the threshold as specified in the applicable collective bargaining agreements or Board Policy. Medicare Part A, B, and D premiums will be paid by the retiree. Retirees Eligible for Reimbursement are those retirees that have retired prior to August 9<sup>th</sup>, 2021.

For all future retirees, they will be required to sign up for Medicare Part A & B and the MediGap plan based on the Medicare enrollment timeline, per the guidance provided by the Center for Medicare & Medicaid Services, as follows:

- Under Medicare’s Initial Enrollment Period regulation (IEP), those early retirees who are younger than age 65 upon retirement shall sign-up for Part A and B within the 7-month window beginning 3 months prior to the month they turn 65, the month they turn 65, and three months after.
- Under Medicare’s Special Enrollment Period regulation (SEP), retirees who are age 65 and older when retiring shall enroll in Medicare Part A and B no later than 8 months of their retirement date.

**RECOMMENDATION**

It is recommended that the Board approves:

- 1) that all Medicare eligible retirees and Medicare eligible spouses enroll in a Medigap plan as the RSCCD sponsored medical plan and;
- 2) the District agrees to reimburse Medicare Part B late penalties for employees who retired prior to August 9<sup>th</sup>, 2021.

Fiscal Impact: These actions would generate savings; the exact amount will be determined upon implementation.	Board Date: August 9, 2021
Prepared by: Cheng Yu Hou, Vice Chancellor, Human Resources	
Submitted by: Cheng Yu Hou, Vice Chancellor, Human Resources	
Recommended by: Marvin Martinez, Chancellor	