

**RETIREE MEDICAL AND DENTAL INSURANCE PROGRAM
ADMINISTRATIVE POLICY
Effective January 1, 2010
Through December 31, 2010**

I. INTRODUCTION

This policy sets forth the guidelines for the administration of the Retiree Medical and Dental Insurance Program. The program includes medical insurance and dental insurance, and subsidy/offset payments as authorized by the County Board of Supervisors for calendar year 2010. This policy constitutes a component of the County's Plan for Retiree Medical and Dental Insurance and is effective only for the calendar year 2010.

II. DISCLOSURE

This policy is effective solely for the calendar year 2010. It does not create any contractual, regulatory, or other vested entitlement to present or future retirees, their spouses, or dependents for medical and/or dental benefits, or subsidy/offset payments at any particular level, or at all.

The County reserves the right, in its sole discretion, to amend or terminate, in whole or in part, this Policy during its one-year term by Resolution of the County Board of Supervisors.

III. MEDICAL INSURANCE COVERAGE

During the one-year term of this Policy, medical insurance coverage is offered through contracted health insurance carriers, as negotiated between the County and its recognized employee organizations. The County will endeavor to maintain a variety of health insurance coverage options for Annuitants but does not guarantee that any particular health insurance carrier, type, or level of coverage will be available to Annuitants, or that any coverage at all will be available to Annuitants.

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Medical insurance coverage options for Annuitants living outside of the geographic boundaries of the HMO insurance plans offered to County Annuitants will be provided only to the extent that any such coverage option is available and offered by the health insurance carriers providing coverage to the County's employees and Annuitants.

IV. DENTAL COVERAGE

Dental coverage is currently offered through Delta Dental. This program is separate and apart from the dental program offered to active employees. The County does not guarantee that any particular dental insurance carrier, type, or level of coverage will be available to Annuitants, or that any coverage at all will be available to Annuitants.

Effective January 1, 2010 eligible Annuitants and their dependents who enroll in or are currently participating in the Dental Plan must remain in the Dental Plan for a minimum of 2 consecutive plan years before being allowed to change coverage levels by reducing dependent coverage, or waive dental coverage.

If an eligible dependent is added to the Dental plan in the middle of a plan year on account of a Qualified Status Change Event, both the Annuitant and the dependent must remain in the Dental Plan for a minimum of 2 consecutive plan years beginning on January 1 of the following plan year before any change in coverage is allowed.

A Qualified Status Change Event will not allow for a change out of the Dental Plan for the Annuitant unless the Annuitant has participated in the Dental plan for a minimum of two consecutive plan years. A Qualified Status Change Event that causes a loss of dependent status will allow for a reduction in the Annuitant's dependent coverage under the Dental Plan without the 2 consecutive plan year requirement for the dependent.

V. ELIGIBILITY TO PURCHASE MEDICAL AND/OR DENTAL COVERAGE

All Annuitants are eligible to enroll in a retiree medical and/or dental insurance plan for 2010.

Eligibility for the County-provided subsidy/offset shall be as determined in Section IX of this policy. An Annuitant must enroll in a medical and/or dental insurance plan within 30 days of notification of eligibility or he or she will be deemed to have waived coverage.

As a condition of participation in the County-sponsored plan, all Annuitants or Dependents that are eligible for Medicare Part A and/or B, or who subsequently become eligible to purchase Medicare Part A and/or B, must enroll in one of the County-sponsored medical plans that provides for assignment of, or coordination with, Medicare benefits. Annuitants or Dependents who are eligible for Medicare must purchase Medicare Part A and/or B (even if such purchase is subject to a penalty under applicable federal law in order to participate in the County Sponsored plan. Annuitants not eligible for Medicare Part A and/or B under CMS guidelines may participate in the plan only to the extent that they remain ineligible for Medicare and are responsible for any penalties assessed by the carrier.

For Annuitants who are eligible for Medicare, failure to purchase or maintain Medicare Part A or B when eligible, or to enroll in a plan that requires assignment of, or coordination with, Medicare shall be considered a waiver of County-sponsored coverage and coverage will terminate. For Dependents that are eligible for Medicare, failure to purchase or maintain Medicare Part A or B when eligible, or to enroll in a plan that requires assignment of, or coordination with, Medicare shall result in loss of eligibility and the Dependent shall be dropped from coverage. It is the participant's responsibility to notify the Benefits Office of their eligibility and/or enrollment in Medicare. Any Medicare Part B late enrollment penalties as determined by CMS are the Annuitant's responsibility.

Annuitants and Dependents with Medicare eligibility that are enrolled in County-sponsored medical plans shall keep their Part D benefits available for enrollment in or coordination with County-sponsored Medicare Part D coverage. An Annuitant or Dependent who is enrolled in a non-County prescription drug plan under Part D of Medicare may not be enrolled in any County-sponsored health benefit plan. Any Medicare Part D late enrollment penalties as determined by CMS are the Annuitant's responsibility.

A continuing beneficiary who is a spouse or a registered domestic partner or an eligible minor child or a Survivor, may elect to purchase a retiree medical and/or dental plan whether or not they were enrolled in the program at the time of the enrolled retiree's or active member's death. The medical insurance subsidy/offset payment, if any, will be provided to a continuing beneficiary who is a spouse or a

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registered domestic partner, or a Survivor, on the same basis as it was, or would have been, made available to a retiree.

The Center for Medicare and Medicare Services requires that all participants must provide a physical address and social security number for themselves and covered dependents.

(Note: This applies only to Annuitants who are receiving a benefit based upon County employment. Eligibility for Annuitants that were last employed with a Special District or other SCERS employer shall be determined by separate agreement between the County and District or other employer.)

VI. DEPENDENT ELIGIBILITY

Annuitants (including Survivors) may add newly acquired Dependents to their medical and/or dental insurance coverage within 30 days of a Qualified Status Change Event (e.g. marriage, adoption, domestic partner registration, loss of other coverage, etc.) or during any enrollment period specified in the sole discretion of the County.

VII. ELECTION PERIOD

An Annuitant who is eligible to enroll in a medical and/or dental insurance plan as provided in this policy must do so within 30 days from the date of notification of program eligibility. An otherwise eligible Annuitant who waives, or is deemed to have waived coverage under the program may enroll within 30 days of a Qualified Status Change Event, or during any enrollment period specified in the sole discretion of the County. Such enrollment shall be contingent upon the Annuitant presenting proof that is satisfactory to the County that the Annuitant has been continuously covered by another group health insurance plan or individual Medicare Advantage plan for a period of not less than 12 months with no break in coverage exceeding 63 calendar days immediately prior to the requested enrollment in a County-sponsored plan. The 12 month requirement will be deemed to be met if the coverage satisfies the requirements for creditable coverage under the Health Insurance Portability and Accountability Act of 1996.

Upon the death of an Annuitant or active employee, a continuing beneficiary who is a spouse or registered domestic partner or eligible minor child or a Survivor, will have 30 days to enroll in a medical and/or dental insurance plan. Failure to do so shall constitute a waiver of medical and/or dental insurance coverage.

VIII. EFFECTIVE DATE OF COVERAGE

Upon retirement or the occurrence of a Qualified Status Change Event, the effective date of medical and/or dental coverage shall be:

Upon retirement:

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the first day of the first month following the loss of active coverage providing:

- i. Submission of retiree medical and/or dental forms occurs within 30 days of the loss of active coverage, and,
- ii. Payment for the first month of retiree coverage occurs within 60 days of the start of retiree coverage.

Failure to submit medical and/or dental forms within 30 days of the loss of active coverage shall constitute a waiver of medical and/or dental coverage.

Premium balances if owed by an Annuitant for the initial period of Retiree coverage must be paid within 60 days of the coverage effective date, or coverage will be dropped retroactively to the last date of paid coverage.

Upon the occurrence of a Qualified Status Change Event:

The first day of the month coincident with or next following submission of medical and/ or dental enrollment forms. Note: Final effective dates for Medicare plans are determined by the Center for Medicare and Medicaid Services.

If an Annuitant enrolls during an open enrollment period, the effective date of medical and/or dental coverage shall be the date specified by the County in connection with that open enrollment period.

IX. ELIGIBILITY FOR SUBSIDY/OFFSET PAYMENTS

The following categories of Annuitants are eligible to receive a County-paid medical or dental insurance offset payment during calendar year 2010:

1. Annuitants who retired for any reason on or before December 31, 2004;
2. Annuitants who retired on or after January 1, 2005 but before May 31, 2007, 1) under any form of disability retirement, or 2) having worked for at least 10 years in SCERS-covered employment;

The following shall apply to this section:

“SCERS-covered employment” shall mean time actually worked for a SCERS-participating agency, including any SCERS-purchasable service credit that was earned through redeposit based on prior employment, part-time employment with a SCERS-participating agency, military service credited per Government Code Section 31649 as adopted by Board of Supervisors Resolution No. 11-125, or time eligible for purchase due to a leave of absence, provided that such time has actually been purchased.

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(Note: This applies only to Annuitants who are receiving a benefit based upon County employment. Eligibility for Annuitants that were last employed with a Special District or other SCERS employer shall be determined by separate agreement between the County and District or other employer.)

X. AMOUNT OF SUBSIDY/OFFSET PAYMENT

The amount of any medical subsidy/offset payment made available to Annuitants shall be calculated based on the Annuitant's SCERS service credit. For purposes of this section, "SCERS service credit" shall be the amount of service credit established by SCERS as the basis of payment for the Annuitant's pension benefit. The amount of any dental subsidy/offset payment made available to Annuitants shall be set by the Board of Supervisors.

Neither SCERS nor the County of Sacramento guarantees that a subsidy/offset payment will be made available to Annuitants for the purchase of County-sponsored medical and/or dental insurance. Subsidy/offset payments are not a vested benefit of County employment or SCERS membership.

The amount of subsidy/offset payment, if any, payable on account of enrollment in a County-sponsored retiree medical and/or dental insurance plan, shall be established within the sole discretion of the Sacramento County Board of Supervisors. For calendar year 2010, the amount of subsidy/offset payments are as follows:

<u>Years of SCERS service credit</u>	<u>Amount of subsidy/offset payment if retired on or before 5/31/07</u>
Less than 10 years	\$ 72
10 years but less than 15 years	\$ 90
15 years but less than 20 years	\$ 108
20 years but less than 25 years	\$ 126
25 years or more	\$ 144
Dental coverage	

XI. APPLICATION OF THE MEDICAL AND/OR DENTAL SUBSIDY/OFFSET

Subsidy/offset payments, when made available, will be applied to the total premium cost incurred by an Annuitant for medical and/or dental insurance purchased through a County-sponsored plan. If the subsidy/offset payment amount exceeds the cost of the single party premium, the balance will be used to reduce the cost of dependent coverage, if applicable. If there is no dependent coverage, the amount of the subsidy/offset payment otherwise available to the Annuitant shall be limited to the actual amount necessary to pay the cost of the single party premium.

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Subsidy/offset payments may only be applied to the coverage for which they are provided. A medical subsidy/offset may not be applied to dental coverage premiums, or vice versa. In no event shall an Annuitant receive a cash payment for any portion of a subsidy/offset payment that is not used to pay for the Annuitant's coverage through a County-sponsored medical or dental insurance plan. The subsidy/offset payment shall not be used to purchase coverage outside of a County-sponsored plan.

The amount of subsidy/offset, if any, that is used to pay for coverage of a registered domestic partner, dependent(s) of a registered domestic partner, and/or other covered dependent who do not meet the definition of "dependent" as defined in IRC §105, shall be subject to federal tax withholding based on the imputed income value of the benefit provided.

XII. PREMIUM BALANCE PAYABLE

If an Annuitant's medical or dental insurance premium is greater than the sum of the Annuitant's monthly retirement allowance plus any subsidy/offset payment provided by the County, the Annuitant shall be responsible for keeping premium payments current. Premium balances owed by an Annuitant must be paid within 60 days of the coverage effective date, or coverage will be dropped the first of the month following the 60 day period, retroactively to the last date of paid coverage. An Annuitant that is dropped from coverage for non-payment of premium shall not be permitted back into the program at a later date.

XIII. WAIVER OF COVERAGE

An Annuitant may waive medical and/or dental coverage under the Retiree Health Insurance Program at any time by withdrawing from coverage and signing a "Waiver of Coverage" form. Any subsidy/offset payment will end if coverage is waived. Annuitants who waive coverage in this manner during 2010, who have previously waived coverage, or who are deemed to have waived coverage for any reason (except for non-payment of premium as set forth in Section XII above), shall be permitted to enroll in County-sponsored retiree coverage within 30 days of a Qualified Status Change Event or during any enrollment period specified in the sole discretion of the County, subject to all terms and conditions set forth in this policy (including proof of continuous coverage as described in Section VII), provided such coverage is being offered to similarly situated Annuitants by the County at the time coverage under the re-enrollment request is to become effective. Similarly, eligibility for a subsidy/offset payment shall be restored provided that the County is providing subsidy/offset payments to similarly situated Annuitants at the time of the re-enrollment request.

XIV. DEFINITIONS

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Annuitant is a retiree, as defined; or is a survivor, or beneficiary who receives a monthly retirement allowance from SCERS. An individual receiving a monthly retirement allowance from SCERS solely as the result of a divorce settlement agreement is not an Annuitant for purposes of this policy or eligibility for participation in the Retiree Health Insurance Program.

Beneficiary is an individual named as a beneficiary receiving a monthly retirement allowance as a result of the death of a Retiree.

Deferred Member is a SCERS participant who leaves County or member district employment and leaves their retirement contributions on deposit with SCERS as permitted by SCERS rules and regulations.

Dependent for purposes of this policy shall be an Annuitant's spouse or registered domestic partner and unmarried children (natural, step, adopted, legal guardianship and/or foster) including children of a registered domestic partner, who are under 19 years of age, or who are under 24 years of age and attending school as a full-time student in an accredited secondary school, college or university. Verification of full-time student status will be needed for each semester or quarter and must be submitted to the Employee Benefits Office. Medical and Dental eligibility will be extended through a summer break if the student was enrolled full-time and completed the preceding school term, and will be attending school in the next available term.

Qualified Status Change Event shall have the same meaning as defined in Section §125 of the Internal Revenue Code and shall also include events affecting the coverage or eligibility of a registered domestic partner or the dependent(s) of a registered domestic partner. Examples of qualified status change events include: marriage or divorce, registration or dissolution of a domestic partnership, birth, adoption, change of residence affecting health plan eligibility, or a dependent ceasing to be a dependent due to age limitations. This list is intended to be illustrative and is not exhaustive.

Registered Domestic Partner shall have the same meaning as set forth in Section §297 of the California Family Code.

Retiree is a SCERS member who has met eligibility requirements and has received a service retirement or disability retirement.

Survivor is a spouse, registered domestic partner, or minor child of an employee who died during active service and is receiving a monthly retirement allowance as a result of the death of the active member.

(Note: For purposes of this policy and these definitions, a retiree of, or an employee (including their subsequent Survivor) retiring from, a SCERS member district or other SCERS-participating employer shall be an Annuitant only if so

provided by separate agreement between the County and such district or other employer.)