



Appeals Committee

Item Number 3a – Open Session

Subject: Consideration of the Proposed Decision: In the Matter of the Request to Change the Service Retirement Benefit Effective Date of: Patsy Williams

Presenter(s): John Shipley / Ashley Lopez-Trotter

Item Type: Action

Date & Time: March 6, 2024 – 15 minutes

Attachment(s): Attachment 1 – Proposed Decision

Attachment 2 – Written Statement from Patsy Williams

PowerPoint(s): None

Item Purpose

The purpose of this item is to consider the proposed decision issued in the above-referenced matter.

Executive Summary

Administrative Law Judge (ALJ) Marcie Larson received evidence at an administrative hearing on October 30, 2023, for the above-referenced matter. On November 28, 2023, ALJ Larson delivered the proposed decision denying Respondent Patsy Williams’s appeal to change her benefit effective date. (Attachment 1)

Ms. Williams submitted a written statement in response to the proposed decision. (Attachment 2) Ms. Williams’s written statement does not change staff’s recommendation, as the arguments raised in her written statement are similar to those considered by ALJ Larson during the hearing. Staff recommends that the Appeals Committee adopt the proposed decision with the technical or other minor changes identified below.

Background

CalSTRS member Patsy Williams worked for the Long Beach Unified School District (the “District”) as a teacher prior to retirement. At issue in this appeal is whether Ms. Williams is eligible to participate in the Medicare Premium Payment Program (“MPPP”) which required a

member to retire on or before June 30, 2012, to be eligible for the MPPP. CalSTRS determined that Ms. Williams is not eligible for the MPPP because she retired with a July 2, 2012, benefit effective date.

The MPPP allows CalSTRS to pay Medicare Part A hospital insurance premiums for eligible retired CalSTRS members. Education Code section 25940 establishes the MPPP eligibility criteria, one of which is that a member must retire prior to a specified date that may be extended by the Teachers' Retirement Board. On June 3, 2011, the board passed Resolution 11-18, which resolved that the "Board shall not at present, extend the Medicare Premium Payment Program to otherwise eligible Defined Benefit members who retire on or after July 1, 2012." Information concerning the MPPP's eligibility criteria, including the fact that the board was not extending the June 30, 2012, retirement eligibility effective date, was provided to members through various publications.

CalSTRS initially received Ms. Williams's *Service Retirement Application* on June 28, 2012. However, Ms. Williams left the requested retirement date blank. CalSTRS' staff contacted Ms. Williams to advise her of the missing benefit effective date. On July 13, 2012, CalSTRS received a second copy of the first page of the *Service Retirement Application* and this time Ms. Williams requested a benefit effective date of July 2, 2012. Ms. Williams was approved for service retirement and she began receiving her benefits effective July 2, 2012.

Prior to submitting her *Service Retirement Application* and requesting a July 2, 2012, benefit effective date, Ms. Williams received and had access to information explaining the MPPP requirements, including that members who retire after June 30, 2012, would not be eligible for the MPPP. These included a November 9, 2011, benefits planning session; several telephone discussions with Customer Service on January 30, 2012, January 31, 2012, and June 22, 2012; and a January 30, 2012, *Medicare Part A Eligibility Letter* advising Ms. Williams that she must retire prior to July 1, 2012, in order to qualify for the MPPP.

CalSTRS processed Ms. Williams's *Service Retirement Application* with her elected benefit effective date of July 2, 2012, and mailed her a *Retirement Acknowledgement Letter* on July 18, 2012, confirming her election of the July 2, 2012, benefit effective date. In this same letter, CalSTRS advised her that if any changes are requested, CalSTRS must receive a *Service Application Change Request* form no later than 30 days from the issuance of her initial benefit payment, as required by Education Code section 24204. On July 31, 2012, CalSTRS issued Ms. Williams her initial retirement benefit payment, which initiated the 30-day window for application changes, including any changes to the benefit effective date.

In October 2021, after receiving retirement benefits for over nine years, Ms. Williams first contacted CalSTRS regarding MPPP eligibility. CalSTRS staff advised Ms. Williams that she does not qualify for the MPPP because she did not retire on or before June 30, 2012. In June and July 2022, Ms. Williams contacted CalSTRS on various occasions requesting an exception to the MPPP eligibility requirements. CalSTRS consistently advised Ms. Williams that she was

statutorily ineligible for the MPPP because she did not retire by the June 30, 2012, statutory deadline.

At the hearing, CalSTRS staff member Ashley Lopez-Trotter testified as to the MPPP's statutory requirements. Ms. Lopez-Trotter testified that Ms. Williams contacted CalSTRS on numerous occasions prior to submitting her *Service Retirement Application* to discuss the MPPP, and that CalSTRS consistently informed her that she had to retire on or before June 30, 2012, to be eligible for the MPPP. Ms. Lopez-Trotter also testified that the publications Ms. Williams received, including the *CalSTRS Member Handbook 2011* and the *Medicare Part A Eligibility Letter*, informed her that she had to retire on or before June 30, 2012, to be eligible for the MPPP. Ms. Williams was notified that she had a 30-day window to change her benefit effective date which was triggered by the initial benefit payment date. Not only did Ms. Williams not select a benefit effective date prior to July 1, 2012 and never submitted an application change request form, she did not make her first inquiry about changing her benefit effective date until October 2021, more than nine years after the 30-day statutory deadline. Therefore, there was no basis to correct Ms. Williams's mistake pursuant to Education Code section 22308.

Ms. Williams testified at the hearing that she was informed by CalSTRS staff that she could not list her last day of work as her benefit effective date, but that she could list the first day she no longer worked for the District. Ms. Williams's last day at the District was Friday, June 29, 2012, and because she assumed she had to list a weekday as her benefit effective date, she chose Monday, July 2, 2012. Ms. Williams testified that she did not speak with anyone at CalSTRS about whether she could list June 30, 2012, as her benefit effective date and that she made a mistake by selecting July 2, 2012. Ms. Williams understood that she could have changed her effective retirement date within 30 days from the date her first benefit payment was issued, but claimed she did not learn she was ineligible for the MPPP until she signed up for Medicare when she turned 65 years old.

ALJ Larson found that Ms. Williams had the burden of proving she is entitled to change her benefit effective date to qualify for the MPPP. ALJ Larson concluded that CalSTRS repeatedly informed Ms. Williams of the MPPP's eligibility criteria, including that she had to retire on or before June 30, 2012. ALJ Larson found that Ms. Williams selected July 2, 2012, as her benefit effective date based on an incorrect assumption; however, Ms. Williams failed to speak with any CalSTRS staff regarding her assumption. Moreover, Ms. Williams failed to request a change to her benefit effective date within the 30-day statutory deadline. Accordingly, ALJ Larson held that Ms. Williams failed to meet her burden and denied her appeal to change her benefit effective date.

Recommendation

Pursuant to Government Code section 11517, subdivision (c)(2)(C), staff recommends that the Appeals Committee adopt the proposed decision with the following technical or other minor changes:

1. On page 2, paragraph 3, lines 7 and 8, change “executive review” to “Executive Review.”
2. On page 2, paragraph 3, line 8, change “email” to “letter.”
3. On page 2, paragraph 4, line 2, change “determination” to “Determination.”
4. On page 3, paragraph 5, line 1, change “Services” to “Service.”
5. On page 3, paragraph 5, line 4, change “executive reviews” to “Executive Reviews.”
6. On page 3, paragraph 6, lines 5-6, remove “extended eligibility for the MPPP to members who retired on or before June 30, 2012. Specifically, the resolution.”
7. On page 3, paragraph 8, lines 2-3, remove “with a CalSTRS employee at the Los Angeles County Office of Education.”
8. On page 4, paragraph 9, line 8, change “Medicare Part A premium” to “Medicare Part A premium.” [Emphasis was in original.]
9. On page 4, paragraph 9, line 16, change “premium free Medicare Part A” to “premium free Medicare Part A.” [Emphasis was in original.]
10. On page 6, paragraph 13, line 1, change “advise” to “advised.”
11. On page 6, paragraph 16, line 3, change “on August 2, 2012” to “on or about August 2, 2012.”
12. On page 7, paragraph 19, line 7, add “to” after “very important” and before “qualify.”
13. On page 8, paragraph 20, line 1, add “was issued” after “first benefit payment” and before “to change her retirement date.”

Strategic Plan Linkage: Goal 1 (trusted stewards) to ensure a well-governed, financially sound trust fund

Board Policy Linkage: Section 7.C. [Guidelines for Consideration of Proposed Decisions in Appeals](#)
