

# Employer Information Circular



Volume: 17 Issue: 6
---------------------

Date: April 4, 2001
---------------------

Supplemental Programs, Research & Internet Technology Division  
· P.O. Box 15275 · Sacramento, CA 95851-0275

---

## Medicare Benefits Program

Chapter 1032, Statutes of 2000 (Senate Bill 1435—Johnston) establishes the California State Teachers' Retirement System (CalSTRS) Medicare Benefits (MB) Program effective January 1, 2001. Under this program, CalSTRS will pay for Medicare Part A (hospitalization insurance) premiums, beginning July 1, 2001, for Defined Benefit (DB) Program members who meet all of the following criteria:

1. Retired under the DB Program before January 1, 2001,
2. Are not eligible for premium-free Part A coverage when they turn age 65,
3. Are enrolled in Medicare Parts A and B by July 1, 2001, if older than age 65, or enroll in Medicare Parts A and B when they turn age 65.

This new CalSTRS program is available only to CalSTRS' DB Program members, not family members. CalSTRS will also pay any applicable surcharges (penalties for late enrollment in Medicare) assessed by Medicare that apply to Parts A and B if the retired member is over age 65, enrolled in Medicare Part A and B on July 1, 2001, and CalSTRS pays his or her Medicare Part A premium. CalSTRS will not pay Medicare Part B surcharges if the member is receiving premium-free Medicare Part A. Participation in the CalSTRS MB Program is voluntary. Members must make their own decisions based on their individual situations.

The Teachers' Retirement Board (Board) has the authority to extend eligibility for the MB Program to CalSTRS members who retire on or after January 1, 2001. The Board will decide during the 2<sup>nd</sup> quarter of calendar year 2001 whether to extend this benefit. Information regarding the extension of the coverage to members who retire in 2001 or later will be provided to members in the CalSTRS *Bulletin* and on the CalSTRS website at [www.calstrs.ca.gov](http://www.calstrs.ca.gov). If the coverage is extended, CalSTRS will also issue an Employer Information Circular and send an information packet to all members who may be eligible.

### How do Currently Retired CalSTRS' Members Participate in the Program?

If a member meets the eligibility requirements listed above, CalSTRS can pay the member's Medicare Part A premiums. The member must:

1. Enroll in Medicare Parts A and B through the Social Security Administration during an enrollment period. (Retired members must call 1-800-772-1213 to enroll in Medicare.)

CONTINUED . . .

2. Complete and return the *CalSTRS Medicare Authorization* form along with a copy of their first Medicare bill to CalSTRS (copy enclosed)
3. Retired members are required to pay the Medicare Part B premium, which will be \$50 per month beginning January 2001, by either:
  - Having the Medicare Part B premium deducted from their CalSTRS retirement allowance,
  - Or
  - Having Medicare bill them directly for the Part B premium.

### **Medicare Part B Coverage**

If a person is not eligible for premium-free Medicare Part A, federal regulations require that person to be enrolled in Part B in order to receive Part A coverage. If, as a result, retired members are also assessed a surcharge for late enrollment in Part B, CalSTRS requires them to have the Part B premium deducted from their CalSTRS retirement allowance in order for CalSTRS to pay the surcharge. CalSTRS will not pay the Part B premium, just the surcharge. All persons who have Part B coverage must pay a monthly premium, which is \$50 for 2001.

### **Part A Premiums Paid Before July 2001 by Retired Members**

CalSTRS cannot reimburse retired members for Medicare Part A premiums paid before July 2001. If retired members enroll prior to their 65<sup>th</sup> birthday so that their Medicare coverage starts the month they are 65 and that month is before July 2001, they will have to pay the premiums for months prior to July. If double payments are made for Medicare Part A in July 2001 or later, Medicare will reimburse the members as long as they have authorized CalSTRS to pay the Part A premium for them.

### **Missed Payments and Loss of Coverage**

If a member chooses to make the Medicare Part B payments and then fails to make the payments for three months in a row, CalSTRS will stop receiving a bill from Medicare and the member will lose **both Medicare Part A and Part B coverage**. The member will have to wait until the next General Enrollment Period (January through March each year) to re-enroll in Medicare and will have no Medicare coverage until July 1 of that year.

### **CalSTRS Medicare Authorization Form**

The *CalSTRS Medicare Authorization* form **does not** enroll an individual in the federal Medicare program, but is required for retired members who wish to have CalSTRS pay their Medicare Part A premium or deduct the Part B premium from the member's retirement allowance. A member must return this form to CalSTRS at least eight weeks before Medicare coverage begins.

### **More Information**

For more information on questions regarding Medicare enrollment, go to Medicare's website at [www.medicare.gov](http://www.medicare.gov). General Medicare information is available from Medicare at 800-633-4227.

In addition, general information about Medicare and other health insurance programs is available from the California Health Insurance Counseling and Advocacy Program (HICAP) at 1-800-434-0222.

Also, see the CalSTRS Employer Directive 2001-08, Medicare Division – Report of Completed Medicare Division Results.

Questions regarding this Employer Information Circular should be addressed to the Health Benefits Program in the Supplemental Programs, Research & Internet Technology (SPRINT) Division, or Francisco Lujano, Chief of the SPRINT Division, at (916) 229-4221.