



# San Joaquin County Employees' Retirement Association

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**Date:** December 3, 2007

**To:** All SJCERA Retirees with a Sick Leave Bank

**Fr:** Annette St. Urbain, Retirement Administrator

**Subject:** ENROLLMENT IN THE MEDICARE B REIMBURSEMENT PROGRAM

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## Background

At the meeting of March 9, 2004, the Board of Supervisors authorized the usage of the sick leave bank to reimburse eligible retirees for Medicare Part B premiums. Working with a tax attorney, we have structured this payment as a medical reimbursement, and thereby not taxable to the retiree.

## Medicare B Reimbursement

In order to qualify for the Medicare B reimbursement, retirees must have a sick leave bank. (If you have a bank, you will see the balance listed on your monthly benefit check statement or remittance advice.) The retired member, the member's spouse, and any disabled adult children who have Medicare B coverage and who are the retiree's tax dependents (under Section 152 of the Internal Revenue Code) are eligible for this reimbursement. This program is for all eligible retirees, and is not limited to those participating in the County-sponsored health insurance program.

To meet tax exemption requirements, SJCERA will need to **annually verify eligibility** for the Medicare B premium reimbursement for retired members who participate in the program. This renewal will take place in December of every year.

If you choose to participate in the reimbursement program payments will be included in your monthly retirement check for each eligible enrollee. **Payments will be deducted from your sick leave bank.** If you, your spouse, or disabled dependent adult child discontinues Medicare B coverage for any reason during the year, you must notify SJCERA immediately so that person's enrollment can be stopped.



**IF YOU CHOOSE TO PARTICIPATE, YOUR ENROLLMENT FORM MUST BE RETURNED TO OUR OFFICE NO LATER THAN JANUARY 3, 2008**

**Questions**

**1. Am I required to participate in the Medicare B premium reimbursement program?**

No, participation in this reimbursement program is voluntary.

**2. Will I be enrolled in the Medicare B premium reimbursement program automatically?**

No, you must complete an enrollment form and provide proof of Medicare B coverage for yourself and/or any eligible family members if you want to receive the reimbursement.

**3. How do I enroll in the program?**

To enroll in the Medicare B premium reimbursement program, you must complete, sign, and return the enclosed enrollment form, along with a copy of the Medicare card signed by the person named on the card as proof of participation in Medicare B for each eligible enrollee, to SJERA **no later than January 3, 2008**

**4. When will the Medicare B premium reimbursement payments begin?**

Eligible retirees and dependents who participate in the program will begin the Medicare B premium reimbursement on January 1, 2008. The first reimbursement payment per eligible enrollee will appear on the benefit checks issued February 1, 2008.



**5. If I enroll in the program now, can I stop the reimbursement later in the year if I change my mind?**

If you choose to enroll in the program, you must remain in the program through the end of the calendar year, UNLESS you, or any of your dependents, become ineligible for or otherwise discontinue your Medicare B coverage.

**6. What happens if I fail to notify SJCERA when Medicare B coverage is discontinued for my dependent(s) or me?**

Because payments to eligible enrollees from the reimbursement program are tax exempt, SJCERA is legally required to collect reimbursement paid to an enrollee after Medicare B coverage is discontinued. You will be required to repay to SJCERA the total amount of all reimbursement payments you received from SJCERA for which you and/or your dependent(s) were not eligible, plus a processing fee.

**7. If I elected to take a fixed monthly cash distribution of my sick leave bank when I retired, can I also participate in this Medicare B program?**

No. Since you elected to receive your sick leave bank as a fixed monthly cash payment that is taxable, it is not possible to allow additional payments from your sick leave bank for Medicare B premium reimbursement.

**8. What is the reimbursement amount?**

As a result of the Medicare Modernization Act, beginning in 2008, the Medicare B premium rates will be based on the schedule provided. In order for SJCERA to reimburse you for your Medicare B premium(s), you are now required to indicate to us which reimbursement amount applies to your situation. If you know the amount that you will be charged, please indicate in the space on the next page. If you do not know the amount, please use the schedule on the next page.

Please complete page 4, sign, date and return it to the San Joaquin County Employees' Retirement Association offices prior to January 3, 2008

This amount will be adjusted in future years consistent with changes in the Medicare B monthly premium rate set by the federal government.