



San Joaquin County Employees' Retirement Association

DATE: November 30, 2009

TO: All SJCERA Retirees with a Sick Leave Bank

FROM: Annette H. St. Urbain
Chief Executive Officer

SUBJECT: ENROLLMENT IN THE MEDICARE B PREMIUM REIMBURSEMENT PROGRAM

Background

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 5, 2010.



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, date, and return to SJCERA the enclosed Medicare B Premium Reimbursement Program Enrollment Certification** on page 4 of this letter, 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 **no later than January 5, 2010**. You will receive a letter confirming SJCERA's receipt of your Medicare B Premium Reimbursement Program Enrollment Certification.

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, 2010. The first reimbursement payment per eligible enrollee will appear on the benefit checks issued February 1, 2010.

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?

The Medicare B premium rates set by the federal government are based on an enrollee's annual income and are subject to change each year. In order for SJCERA to reimburse you for your Medicare B premium(s), you must state the premium reimbursement amount that applies to you and your Medicare-eligible dependents, if any, based on your annual income. Please enter the amount of the Medicare B premium you will be charged in the coming calendar year in the space provided on the Medicare B Premium Reimbursement Program Enrollment Certification on page 4 of this letter. If you do not know the Medicare B premium amount you will be charged, please refer to the income and premium schedule provided on the Enrollment Certification.



San Joaquin County Employees' Retirement Association

TO: San Joaquin County Employees' Retirement Association
Attention: Medicare B Premium Reimbursement Program

FROM: Retiree Name _____ (Medicare B Eligible Retiree)

Subject: Medicare B Premium Reimbursement Program Enrollment Certification

Medicare B Beneficiaries who file an <u>individual</u> tax return with income:	Medicare B Beneficiaries who file a <u>joint</u> tax return with income:	Total monthly Medicare B premium amount for each participant
\$85,000 or less	\$170,000 or less	\$96.40 or \$110.50
\$85,001 or more up to \$170,000	\$170,001 or more up to \$214,000	\$154.70
\$107,001 or more up to \$160,000	\$214,001 or more up to \$320,000	\$221.00
\$160,001 or more up to \$214,000	\$320,001 or more up to \$428,000	\$287.30
\$214,001 or more	\$428,001 or more	\$353.60

For 2010, please initiate the Medicare Part B Reimbursement from my Sick Leave Balance as indicated below:

For myself: Name: _____ \$ _____

For Spouse/
and/or qualified
Dependent Name: _____ \$ _____

TOTAL \$ _____

NOTE: I certify under penalty of perjury that the foregoing information on the Medicare B premium that I will be paying is true and correct. I understand and agree that once enrolled, the enrollees named above must remain in the Medicare B Premium Reimbursement Program through the end of the calendar year UNLESS an enrollee becomes ineligible for or otherwise discontinues Medicare B coverage. I understand and agree that I must notify SJCERA immediately upon termination of Medicare B coverage for any of the enrollees named above. If I fail to notify SJCERA, I understand that SJCERA is required to collect from me any reimbursement payments to which I am not entitled plus a processing fee.

By signing this form, I agree that I will not make any legal claim of any kind against SJCERA, its staff and advisors, should my participation in this program result in unexpected tax liability to me, including interest and penalties. I understand that my ability to participate in this program is voluntary and a valuable benefit for which I am willing to sign this waiver of all claims.

 Signature Date

Send this certification and a signed copy of each enrollee's Medicare card by January 5, 2010, to:
San Joaquin County Employees' Retirement Association (SJCERA)
6 South El Dorado Street, Suite 400
Stockton, CA 95202