

Health Benefits FAQ

Week of December 13, 2011

Topic: CalSTRS Medicare Premium Payment Program Ends June 30, 2012

What is the CalSTRS Medicare Premium Payment Program?

In this program, CalSTRS will pay the Medicare Part A (hospital) premium for:

- An eligible retiree, hired prior to April 1, 1986 who does not qualify to receive Medicare Part A premium-free, either through other employment or through the employment of a spouse, and who retired before 2001.
- An eligible retiree, who was an active employee under age 58 as of September 2001, voted “yes” in 2001 to pay the Medicare tax prior to retirement but did not have the full 40 quarters normally required, and retired after January 1, 2001.

I was teaching in 1986 and I don’t remember “electing” to have or not have the Medicare tax withheld from my salary. When did LAUSD hold the election or “Medicare Division?”

LAUSD Human Resources notified all affected employees in June 2001 with information about the Medicare “division” date for employees to choose to pay or not to pay the federal Medicare tax. The division election was a one-time, irrevocable decision to be made by employees. The election ballot was mailed in September 2001 with September 21 as the official division date and a 10-day election period. October 1 was the due date. Employees had to sign and return the ballot; failure to return a ballot was deemed an election not to be covered by Medicare.

How does the ending date of the CalSTRS Medicare Payment Program affect active employees?

Since the division took place about 10 years ago, most active employees have been paying Medicare taxes for 40 quarters and thus qualify for premium-free Medicare Part A. However, there may be some active employees with a break in service who will fall short of the full 40 quarters required by June 30, 2012. It is this latter group that is affected by the end of the CalSTRS Medicare Payment Program.

What if I am an employee who will fall short of 40 quarters by June 30? What are my options?

Employees who won’t have 40 quarters by June 30, 2012 have the option to consider retirement prior to July 1, 2012 to participate in the program. The Teachers’ Retirement Board has the authority to extend the eligibility date, but whether they will do so remains uncertain.

I don’t have 40 quarters of paying the Medicare tax and I’m not ready to retire before July 1, 2012.

Will I have to pay the Medicare Part A premiums that now cost \$248 per month for those with 30-39 quarters and \$450 per month for those with fewer than 30 quarters?

At the present time, the District policy as established by the Health Benefits Committee provides medical coverage if a retiree has to pay the Part A Medicare premium; however, this is subject to change and is not a guarantee.

For additional information, go to www.calstrs.com and enter *Medicare Premium Payment Program* in the search box for a full listing of related documents.