

SAN DIEGO COUNTY EMPLOYEES RETIREMENT ASSOCIATION
HEALTH INSURANCE ALLOWANCE POLICY

I. PURPOSE

The purpose of this policy is to establish the rules effective July 1, 2007 for providing a Health Insurance Allowance to Eligible Tier I and Tier II members.

II. RULES

- A. Eligible “Participants”. An eligible participant is defined as a Tier I or Tier II retired person receiving a monthly service retirement or disability benefit; or the surviving spouse or unmarried children (“eligible survivor”) receiving a monthly survivor’s benefit under the SDCERA Retirement Plan. Former spouses and members of tiers other than Tier I and Tier II are ineligible.
- B. Health Insurance Allowance. A participant is eligible for a monthly Health Insurance Allowance (described later in this document) to offset, or reimburse, the cost of the participant’s medical, dental and/or prescription insurance premium. The maximum Health Insurance Allowance credit is limited to the *lesser* of (i) the premium for coverage the participant has selected, or (ii) the applicable benefit as described in Section C. or E. of this policy.
- C. Service Retirement. Participants retired for service, or eligible survivors receiving a continued allowance following the death of a participant retired for service, are eligible for amounts as follows.
1. *Non-Medicare Participant*. A participant ***under age 65 or a participant 65 or over but not eligible for Medicare*** shall have a Health Insurance Allowance from 50% to 100% of \$400 per month applied toward the premium for the SDCERA-sponsored health plan in which he or she participates according to the following schedule.

<u>Years of SDCERA Service Credit</u>	<u>Percentage of \$400</u>
Less than 10 years	0%
10 to 11 years	50%
11 to 12 years	55%
12 to 13 years	60%
13 to 14 years	65%
14 to 15 years	70%
15 to 16 years	75%
16 to 17 years	80%
17 to 18 years	85%
18 to 19 years	90%
19 to 20 years	95%
20 or more years	100%

2. *Medicare Participant.* Participants covered by Medicare or those who will become eligible for Medicare at age 65 with at least 10 years of service credit will have a Health Insurance Allowance of \$300 per month applied to the premium for the SDCERA-sponsored health plan in which he or she participates plus a Medicare Part B reimbursement of the Medicare Part B premium, not to exceed \$93.50 per month.
 3. Non-Medicare participants age 65 or older with at least 10 years of service credit, but who are not eligible for Medicare who elect to gain Medicare coverage by paying the necessary fees or premiums to Social Security shall receive, in addition to the amount in Section C.1., a Medicare Part B premium reimbursement, not to exceed \$93.50 per month.
 4. Participants with less than 10 years of service credit are not eligible for a Health Insurance Allowance, but may purchase coverage under an SDCERA-sponsored plan at full cost.
 5. For the purpose of this policy, only service with the County of San Diego is recognized. Prior public agency purchased service and reciprocal service with another agency shall not count as service credit for calculation of benefits under this policy.
 6. For the purpose of this policy, the health insurance allowance is based on the member's earned service credit and is unaffected by a domestic relations order splitting their account and service credit.
- D. Dependents. Each participant who elects to have coverage for eligible dependents under the terms of the health plan(s) shall pay all the premiums and surcharges applicable with respect to such dependent coverage. SDCERA will not make a payment for such dependent coverage. Premiums and surcharges for SDCERA-sponsored health plans will be deducted from the participant's retirement allowance.
- E. Members Retired for Disability
1. Total Disability. In the event an eligible participant suffers a total disability (including death while in-service), which renders him or her unable to perform the duties of any occupation, he or she shall have \$400 per month applied to the premium for the SDCERA-sponsored health plan in which he or she participates. Participants covered by Medicare are eligible for the benefits described in Section C.2. above. Additionally, participants not eligible for Medicare who elect to gain Medicare coverage by paying the necessary fees or premiums to Social Security, shall receive, in addition to the \$400 per month premium credit, a Medicare Part B premium reimbursement, not to exceed \$93.50 per month.
 2. Partial Disability. In the event an eligible participant qualifies for a partial disability that prevents his or her ability to perform the duties of his or her current occupation, but not of other occupations, he or she shall have an amount (specified below) credited toward his or her monthly premium for the health plan sponsored by SDCERA in which he or she participates. The amount will be equal to the greater of \$200 per month or the amount provided under the schedule set forth in Section C.1. based on such member's years of service. Additionally, participants not eligible for Medicare who elect to gain Medicare coverage by paying the necessary fees or premiums to Social Security shall receive, in

addition to the amount credited toward his or her monthly premium, a Medicare Part B premium reimbursement, not to exceed \$93.50 per month.

3. Only members who became disabled while employed with the County of San Diego are eligible for benefits described in Section E.
- F. Non-SDCERA Health Plans. Participants who otherwise would be eligible for the benefits described in Section C., or E., but who desire to use a health insurance plan other than one sponsored by SDCERA, shall have the option of being reimbursed for premiums described in Section B each month up to the lesser of the actual monthly premium being paid (the premium less any payments or credits that subsidize or offset the premium) or the amount of the health insurance allowance for which they are eligible under Section C. or E. Annual proof of eligible health insurance coverage (as described in Section B), the amount of the monthly premium and proof of premium payment will be required or no reimbursement will be paid. The reimbursement is effective the first day of the month that SDCERA receives valid documentation. The reimbursement will not be paid retroactively.
- G. Surcharge. In the event a carrier levies a surcharge, SDCERA will not pay the surcharge.
- H. Dual Status Participants. A participant who is eligible to receive benefits under this 401(h) Health Benefits Policy both as a retired member and as a survivor, may receive the greater of the benefits based either on his or her account as a retired member or as a survivor.
- I. Grandfathered Retirees.
 1. Non-Medicare participants with at least 10 years of SDCERA service credit who retired on or before September 30, 1991 are eligible for 100% of the benefit in Section C.1.
 2. Medicare participants with at least 10 years of SDCERA service credit who retired on or before September 30, 1991 are eligible for up to 100% of the benefit in Section C.2.

REVIEW

The Board will review this policy at least every three (3) years to ensure it remains relevant and appropriate.

HISTORY

November 1, 2007	Adopted
November 1, 2012	Revised, effective immediately
December 3, 2015	Revised, effective immediately