



# MCREA

Montgomery County Retired Employees' Association, Inc.

March 2014

## **ANNOUNCING: MCREA's Annual Meeting**

**Wednesday, June 4, 2014, 7 – 9 p.m., COB 3<sup>rd</sup> Floor Council Hearing Room**

**Important: Please mark calendars, no further newsletter notices before meeting!**

### Guest Speakers:

Linda Herman, Executive Director, Montgomery County Employee Retirement Plans

Belinda Fulco, Division Manager, Office of Human Resources Health & Employee Welfare

A Panel to discuss Prescription Plan Changes: CVS/Caremark, Aon Hewitt consultants, Ms. Fulco

All Health Insurance Providers will be available for 1-on-1 questions  
from 6 - 7p.m. COB 3<sup>rd</sup> Floor, Council Conference Room.

## **PRESCRIPTION PLAN CHANGES FOR RETIREES AND COVERED FAMILY MEMBERS WHO ARE MEDICARE ELIGIBLE**

Montgomery County Government has decided to embrace Medicare Prescription Drug coverage, known as Medicare Part D, because it will save the County \$12 million in funding the Other Post Employment Benefits (OPEB) trust. There will be minimal cost and plan changes for most retirees.

This change will affect those in the CVS/Caremark prescription plans and the CareFirst Indemnity plan. It will not impact Kaiser members. The details of how the drug coverage in the Indemnity plan will be integrated with medical coverage are still being worked out.

Please do not call the OHR Health Insurance Team (formerly the Benefits Team) or MCREA about this change. We are providing you with all of the information that is available at this time. As additional details are available, the OHR Health Insurance Team and CVS/Caremark will communicate them to you throughout the year.

Retirees who are eligible for Medicare, regardless of age will begin participating in Part D (as our primary drug coverage) starting January 1, 2015. The County plan will change to offer supplemental coverage known as a "wrap" because it wraps around Part D as a supplement, and covers the "donut hole" of Part D. It will be a plan customized for us.

Making this change to Part D is complex. The County is trying to minimize the impact on retirees. More information will be sent to you by the OHR Health Insurance Team and CVS/Caremark throughout the year as more details are known. The Fall Open Enrollment packet will contain the new plan information.

The Medicare Part D plan allows you to opt out if you wish. **Please note that if you opt out of the County's Part D Medicare prescription plan, you will not be eligible for coverage by any of the County's prescription plans and you will have to obtain prescription coverage elsewhere.**

How will the new plan work? CVS/Caremark has a prescription drug insurer who provides Part D coverage, known as "SilverScript". You can go on the web and look it up but remember that the plans that are shown are not the final plans for the County retirees and covered family members who are Medicare eligible. Our plan will be customized for us.

The County has contracted with CVS/Caremark/SilverScript to administer this program. They will be responsible for enrolling plan participants in Part D and administering both Part D and the County's supplemental prescription drug plan. CVS/Caremark and SilverScript will work together to process claims for both the Medicare Part D and the County's supplemental prescription drug plan. This includes responding to questions about both plans.

At Open Enrollment you can still choose the High or Standard option for your Prescription plan. Later, you will receive a SilverScript prescription card that you will show at a pharmacy to obtain your prescriptions. You will pay only for your co-pay. You will receive a monthly benefit statement for each month that you have had a prescription filled.

Will the cost of the County's plans go down? Probably not, because you will be paying the County for both the cost of Part D and the County's supplemental plan since they go together. The implementation of this plan may help to stabilize future increases.

Can I sign up for Part D on my own? Yes, you can get Part D coverage on your own through the Medicare individual market, but you will not get the County's supplemental prescription drug program. The County's drug coverage is deemed "Creditable Coverage" so anyone opting out of the County's plan will not be penalized for signing up for Part D on their own. But remember that if you opt out of the County's Part D plan, you will have no coverage through the County's CVS Caremark/SilverScript plans.

What about the donut hole in Part D? The County's supplemental plan covers that. Also, as part of the Affordable Care Act, the donut hole will be phased out by 2020.

Will I have to deal with the Social Security bureaucracy? No. All claims, questions, and appeals will be handled by staff at SilverScript. However, if you think you will qualify for low income subsidies that are available under a Part D plan (including the County's Part D plan) you will need to apply for that low income assistance through the Social Security Administration.

What if I am not 65 years old yet? If you are not Medicare eligible, the County's current prescription drug plans will still be in effect. If you are under age 65 and eligible for Medicare, you will be enrolled in the County's Part D plan.

If I have high income will I have to pay more? Yes, following Medicare guidelines, if you are paying an “income-related monthly adjusted amount” for Medicare Part B coverage, you will also pay a higher premium for Part D. Any extra cost will be deducted from your Social Security benefit or you will be billed directly by Medicare. See Section 6 page 91 in your Medicare & You 2014 booklet.

Is there a subsidy if I am in a lower income bracket? Yes, if you qualify. For a single person in 2014, the income must be less than \$17,235 and resources less than \$13,300 a year. See Section 7 page 103 in your Medicare & You 2014 booklet.

Will I have to use CVS pharmacies? No, there will be a network of pharmacies including CVS for you to use as well as the mail order option.

I am in the Indemnity Plan, what happens to me? Details for this change are in process. OHR is getting legal advice from several sources on how to handle this, since the medical and prescription components in the Indemnity Plan are treated as one.

I do not live in the U.S., what do I do? The Health Insurance Team is working on a solution for retirees living outside the United States and Medicare eligible areas.

Is there more information? This is a complex change and details are still being worked out. MCREA knows that this is an important change and wants to make sure you know what we have learned.

Will Open Enrollment be at the same time? Yes, but you will begin receiving information related to this change much earlier. The Health Insurance Team is hoping to begin communications this spring. There will be special information sessions on just the Prescription Drug Plan and Part D. Plus, special information brochures will be prepared for this and mailed out as soon as possible.

Are we the only County agency doing this? No. Montgomery County Public Schools will implement their integrated Part D plan beginning January 2015, creating an estimated savings of \$36 million in the County’s OPEB trust.

**For more information:**

A presentation is scheduled by OHR and their consultants from AonHewitt to the County Council’s subcommittees, Government Operations and Health and Human Services, on **Thursday, March 27th at 2:00** p.m.

**(1)** Follow the meeting on your computer live or from the archives at <http://www.montgomerycountymd.gov/council/OnDemand/index.html>.

**(2)** Watch it on the County’s cable channel, at Comcast/RCN channel 6 and Verizon channel 30.  
**(3)** On and/or after Monday, March 24<sup>th</sup> review the Council’s briefing packet at [www.montgomerycountymd.gov/council/packet/index.html](http://www.montgomerycountymd.gov/council/packet/index.html); the packet is titled “Update-Procurement of 2014 Medical and Prescription plans”.

**(4)** Attend MCREA’s Annual Meeting, **Wednesday, June 4, 2014, 7 – 9 p.m.** See front page of this newsletter for details. Also check MCREA’s website for updates as they become available.

## NEW BOARD MEMBER INTRODUCTION

Lillian Snyder retired from the Department of Public Libraries in 2008. As Agency Manager of both the former Germantown Library and more recently the Gaithersburg Library, she served on the Board of the Gaithersburg Chamber of Commerce helping to promote library services to the business community. In cooperation with the Montgomery County Economic Development Office and the Small Business Administration she established free small business clinics in the library. This project was awarded a National Association of Counties achievement award.

Her countywide contributions include mentoring new managers from different county agencies and serving on leadership teams to help resolve problems in other departments. On a national professional level she was an active member of the American Library Association Administrators Division and represented the Division on the ALA Executive Board.

Lillian is looking forward to sharing her skills with MCREA in their mission to support and make known the needs and wishes of its members.

## MCREA IS EXPLORING FACEBOOK

The MCREA Board is considering setting up a Facebook page as an additional means to communicate the Association's news. If approved by the Board, the Facebook page launch will be announced at the MCREA Annual Meeting, June 4<sup>th</sup> and/or in the next newsletter-Fall 2014.

## MEMBERSHIP DUES ARE DUE

### Please Join MCREA Now or Continue Your Active Membership

Your MCREA membership allows you to stand up and be counted with the retirees who are staying attuned to the County Government happenings. The Association's primary expenses are for the printing and mailing of the biannual newsletter. All Board members are volunteers but we also need each retiree's participation in the form of paid membership.

Please note the following change. To standardize membership dues payments, MCREA is requesting that dues now be paid every other year in the amount of \$10.00. This is still annual dues of \$5.00 per year. Retirees who have paid multiple years in advance should wait until their paid years are over before resuming the payment of dues.

If you are willing to have MCREA contact you by email, please provide a current email address with your membership application. A current email distribution list would provide MCREA with another means of reaching its membership with time sensitive news between newsletters.

MCREA thanks you for your active participation as a paying member in support of the Association's work. An application to join or renew your membership is on page 9 of this newsletter. Please retain your record of payment so you will know when your individual dues expire. Although we have the information as well, we cannot always efficiently respond to members' inquiries. If you have a question, please leave a voice message on our telephone line (see back page) and a Board member will check the message and get back to you.

*NEWS from . . . . .*

**MONTGOMERY COUNTY EMPLOYEE RETIREMENT PLANS (MCERP)**

**ANNUAL REPORT - COUNTY'S RETIREMENT PLANS**

The Employees' Retirement System (ERS') investment return for the year ended June 30, 2013 was a gain of 10.85% compared to the 7.5% return assumed in the annual actuarial valuation and our policy benchmark of 8.48%. This return ranks below median compared to returns achieved by similar pension plans across the country due to the ERS' lower weighting in public equities than its peers. For the three and five year periods, the ERS' performance ranked in the top 25% (greater than 75% of other pension plans) of the peer universes.

The **Board of Investment Trustees** continues to focus on the diversification of the investment program and the prudent management of risk. To obtain a copy of the report, please visit [http://www.montgomerycountymd.gov/mcerp/Resources/Files/2013\\_Annual\\_Report.pdf](http://www.montgomerycountymd.gov/mcerp/Resources/Files/2013_Annual_Report.pdf) or call the Board's office at 240-777-8220.

*NEWS from . . . . .*

**OFFICE OF HUMAN RESOURCES (OHR)**

**Imputed Income: Clarifying a Complex Concept**

The OHR Health Insurance Team has received a significant number of inquiries regarding how imputed income works for life insurance and domestic partner benefits. The following is presented in an effort to help clarify the concept of imputed income. This information is not a substitute for a professional assessment. Please consult with a professional tax advisor with specific questions and how it applies to your personal situation.

**IMPUTED INCOME FOR BASIC LIFE INSURANCE**

If you receive County-provided Basic Life Insurance with a value greater than \$50,000 in any given year, the value of the coverage over \$50,000 is considered imputed income and is taxable income to you. Your imputed income is based on the number of months in the year in which your Basic Life Insurance amount is greater than \$50,000. In the following example, the assumption is that imputed income applies in all 12 months of the year.

**Example**

Your Basic Life Insurance amount is: **\$70,000**

Amount that is over the tax threshold of \$50,000: **\$20,000**

Your ESTIMATED monthly imputed income amount (on the \$20,000): **\$8.98**

Your ESTIMATED annual imputed income amount to be reported: **\$107.76** (\$8.98 x 12 months)

*Please note:* The "estimated annual amount" is the amount that would be taxed; it is NOT the estimated taxes you will owe. Also, the actual annual imputed income amount reported to the IRS is calculated by Payroll at year end and you will receive this information on a W-2 at the beginning of the next year.

To assist in determining an estimated taxable amount, refer to your annual Open Enrollment Confirmation Statement for the face value of your Basic Life Insurance. Then, use the online “Imputed Income Estimator (Life Insurance),” available at [www.montgomerycountymd.gov/ohr/](http://www.montgomerycountymd.gov/ohr/) (click the Benefits drop-down menu at top left; select the Retiree Health Insurance page and go to the Calculators section).

## **IMPUTED INCOME FOR DOMESTIC PARTNER BENEFITS**

Under federal tax law, when you enroll your domestic partner or your domestic partner's child(ren) in the County's medical, prescription, dental and/or vision insurance plans, they are generally not considered dependents for tax purposes. The County's contribution towards the premium for the coverage is taxable imputed income to you.

The actual amount of your imputed income depends upon the plan you are enrolled in and level of your coverage. For example, if you enroll your domestic partner for “Self + 1” coverage, your imputed income would be the difference between the County's contribution for “Self only” coverage for you and “Self + 1” coverage for you and your domestic partner, as well as any of your domestic partner's covered children. Imputed income is reported as taxable income for federal and state income taxes, as well as for FICA (Social Security and Medicare).

*Please note:* You are subject to imputed income for any months that you and your domestic partner are not legally married and your domestic partner and his/her dependents are enrolled in a County-sponsored health insurance plan. For example, if you and your domestic partner marry June 1st, imputed income would still apply for the first 5 months of the year.

To assist in determining an estimated taxable amount, refer to the online “Imputed Income Estimator (w/Domestic Partner).” Go to [www.montgomerycountymd.gov/ohr/](http://www.montgomerycountymd.gov/ohr/) and click the Benefits drop-down menu at top left; select the Retiree Health Insurance page and go to the Calculators section.

*Important:* If you marry your domestic partner, this is considered a Status Change. You can make election changes in accordance with the Status Change rules as described in the Group Insurance Summary Description, available at [www.montgomerycountymd.gov/ohr/](http://www.montgomerycountymd.gov/ohr/) (click the Benefits drop-down menu at top left; select the Retiree Health Insurance page and go to the Top Links section). Submit a copy of your State-issued marriage certificate and your election form to the OHR Health Insurance Team (located at 101 Monroe Street, 7th Floor, Rockville, MD 20850). Any changes in coverage will take effect the day all forms and supporting documents are received. Even if you don't want to make any changes to your coverage, you must submit a copy of the marriage certificate so that imputed income is not calculated for months you were married.

## **Life Insurance Refresher**

The OHR Health Insurance Team often receives questions about how life insurance works into retirement. While the details are explained at the point of retirement, there is a great deal of information presented in a short amount of time. This article provides answers to the most frequently asked questions regarding Basic and Optional Life Insurance.

**BASIC LIFE INSURANCE**

*Q. Does my Basic Life Insurance coverage amount or premium change after retirement?*

A. If you retired prior to age 65, your retiree Basic life Insurance coverage amount (calculated at retirement) remains the same for the first five years after you retire.\* On your fifth retirement anniversary, the value reduces by 10% of the initial value. It continues to drop 10% every year, until at age 65 it reduces to 25% of the original value. Note that it will never drop lower than 25% of the original value. Here is an example based on a person who retired 3/1/2014 with \$70,000 in Basic Life Insurance, and who will turn age 65 on 3/1/2021:

3/1/2014 = \$70,000

3/1/2019 = \$63,000

3/1/2020 = \$56,000

3/1/2021 = \$17,500 (age 65 and on)

\*Unless you turn age 65; upon your 65<sup>th</sup> birthday, your policy automatically reduces to 25% of its original value and the County begins to pay 100% of your Basic Life Insurance premium.

Note: If you retired at age 65 or older, your retiree Basic life Insurance coverage amount that was calculated for you upon retirement does not change over time.

*Q. Can I change the amount of my Basic Life Insurance?*

A. No.

*Q. Will my Basic Life Insurance policy end when I reach a certain age?*

A. No.

**OPTIONAL LIFE INSURANCE**

*Q. Does my Optional Life Insurance coverage amount or premium change after retirement?*

A. If you had optional Life Insurance at the time of retirement, the coverage amount remains the same, but premiums are based on age and change at every five-year increment (e.g., at age 50, 55, 60, etc.).

*Q. Does the County begin to pay 100% of the Optional Life Insurance premium at a certain point?*

A. No; the policy is 100% paid by the retiree.

*Q. Does imputed income apply to Optional Life Insurance?*

A. No, because the coverage is 100% paid by the retiree.

*Q. Can I change my Optional Life Insurance coverage amount?*

A. Although you cannot increase or decrease the coverage amount, you can cancel your coverage at any time. However, once it is cancelled, you cannot re-elect it; the decision to cancel it is irrevocable.

*Q. Will my Optional Life Insurance policy end when I reach a certain age?*

A. Yes; it automatically ends at age 70.

*Q. Where can I find my Basic Life and Optional Life insurance coverage amounts?*

A. The coverage amounts are printed on your annual Open Enrollment Confirmation Statement. Coverage is based on the date the documents were printed and may change based

upon the information in the Q&A's above (such as a reduction in Basic Life based on age or Optional Life ending at age 70).

Hopefully, this helps to clarify any details that may have been forgotten a few years after retirement. As any changes in the value of your policies occur, it's always a good practice to consult your financial advisor and examine making changes to continually reflect the financial needs of you and your family.

**Thank You and Congrats!**

The OHR Health Insurance Team would like to extend their sincere thanks to the 229 retirees who participated in last fall's Open Enrollment Survey. The Team received many ideas that will help enhance future Open Enrollments. Also, congratulations to the raffle survey winner, retiree Sandy Sullivan of South Carolina, who won a special gift bag as well as the choice of a consultation with a Health Insurance Specialist or the Wellness Program Manager!

**Who is the "OHR Health Insurance Team"?**

As announced in last fall's Open Enrollment Guide, the OHR Benefits Team changed its name to the *OHR Health Insurance Team*. The Team handles all things related to group insurance (medical, prescription, dental, vision and life insurance).

**The Online Health Insurance Contacts List**

On the last page of each MCREA newsletter, a list of health insurance and other handy contacts is available (as space permits). While this list is updated each issue, the OHR Health Insurance Team would like you to know that the most current listing of health insurance contacts, which includes some handy tips on how to locate participating providers, is always available by visiting the OHR website at [www.montgomerycountymd.gov/ohr](http://www.montgomerycountymd.gov/ohr). Click the Benefits drop-down menu at top left, choose the Retiree Health Insurance page, and then open the Health Insurance Contacts list that appears at top right.

<b>MCG Insurance Enrollment Statistics as of 2/3/14</b>							
	<b>Medical Plans</b>						
	<b>CareFirst Indemnity</b>	<b>CareFirst Point-of-Service (POS)</b>				<b>Kaiser w/Rx</b>	<b>UHC</b>
<b>High</b>		<b>Std.</b>	<b>High OOA*</b>	<b>Std. OOA*</b>			
<b>Retirees</b>							
<b>Non-Medicare</b>	64	871	55	289	33	130	449
<b>Medicare</b>	770	1175	125	456	42	129	300
<b>Total Retirees (includes Survivors)</b>	<b>834</b>	<b>2046</b>	<b>180</b>	<b>745</b>	<b>75</b>	<b>259</b>	<b>749</b>
	<b>Concordia Dental Plan</b>		<b>*Out of Area</b>		<b>CAREMARK Rx Plan</b>		
<b>Retirees</b>				<b>NVA Discount Vision</b>	<b>High Rx</b>	<b>Std. Rx</b>	
<b>Non-Medicare</b>			1977	1510	757	929	
<b>Medicare</b>			3298	1823	1171	918	
<b>Total Retirees (includes Survivors)</b>	<b>5275</b>		<b>3333</b>	<b>1928</b>	<b>1847</b>		



M C R E A

P.O. Box 73  
Rockville, MD 20848-0073

**2014 MEMBERSHIP AND DUES APPLICATION**

(Please Print or Use an Address Label)

Retiree: \_\_\_\_\_  
Last Name First Middle Initial

Spouse: \_\_\_\_\_  
(Optional) Last Name if different from above First Middle Initial

Mailing Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ - \_\_\_\_\_

Telephone: Home (\_\_\_\_\_) \_\_\_\_\_ Cell (\_\_\_\_\_) \_\_\_\_\_

Email Address: \_\_\_\_\_  
(Print Clearly)

Application is for: Renewal \_\_\_\_\_ or New \_\_\_\_\_ Date : \_\_\_\_\_

Check #: \_\_\_\_\_

Dues are \$10.00 for 2 calendar years per County retiree. Enclosed are dues for:

2 years (\$10.00) \_\_\_\_\_

Please make your check payable to MCREA, enclose it with this completed form, (or a copy), and mail to the above address. Thank you for your support.

If created, are you likely to visit a MCREA Facebook page? Yes \_\_\_ or No \_\_\_

Any dues payment in excess of 2 years will be considered a contribution to MCREA.

**[MCREA holds your information in our database in confidence. It is not shared or sold to other groups or organizations]**

**IMPORTANT CONTACT INFORMATION**

**MCREA:** 1-866-929-9339 or 301-929-9339; website: [www.MCREAonline.com](http://www.MCREAonline.com)  
**Montgomery County Government MC311:** 1-877-613-5212 or 240-777-0311 or 311 (local)  
**For Montgomery County Employee Retirement Plans:** 1-877-613-5212 or 240-777-8230;  
Fax: 301-279-1424; website: [www.montgomerycountymd.gov/mcerp](http://www.montgomerycountymd.gov/mcerp)  
**Fidelity** (Deferred Compensation Plan): 1-800-343-0860 or 240-777-8228  
**Massachusetts Mutual Life Insurance (Mass Mutual):** 1-800-528-9009  
**For Group/Health Insurance: OHR Health Insurance Team** Direct Line: 240-777-5120  
or (Fax) 240-777-5131 or email [benefits@montgomerycountymd.gov](mailto:benefits@montgomerycountymd.gov)  
**CareFirst Blue Cross-Blue Shield:** Indemnity Plan and Point-of-Service Plans Member  
Services: 1-888-417-8385 [www.Carefirst.com](http://www.Carefirst.com)  
**Kaiser Permanente:** Washington Area: 301-468-6000; Baltimore Area: 1-800-777-7902  
<https://healthy.kaiserpermanente.org>  
**United Healthcare** Member Services: 1-800-638-0014 [www.myuhc.com](http://www.myuhc.com)  
**Caremark:** 1-866-240-4926 [www.caremark.com](http://www.caremark.com)  
**United Concordia** (Dental): 1-866-851-7564 [www.ucci.com/tuctcc](http://www.ucci.com/tuctcc) (enter "Mont")  
**National Vision Administrators (NVA):** 1-800-672-7723 [www.e-nva.com](http://www.e-nva.com)  
**Prudential Long Term Care Insurance:** 1-800-732-0416 [www.Prudential.com](http://www.Prudential.com)

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suggestions for our newsletter.

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