



Your Retiree Medical Plan Change **DECISION GUIDE**

This guide will help you understand the changes to your Retiree Medical Plan, including your options and what you need to do.



Your retiree medical benefits have changed.

The changes became effective on **June 16, 2023**, and will impact you regardless of when you plan to retire.

It is essential that you understand how these changes impact the cost of your future retiree medical benefits. Keep reading to learn more.

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IMPORTANT DATES TO REMEMBER

July 10, 2023:

Portal opens to make decision about your retiree medical plan benefits

August 9 at 11:59 pm PT:

Deadline to submit your decision about your retiree medical plan benefits



What's Changed

The County previously provided eligible employees a Retiree Medical Grant, including employees of Special Districts that participate in County benefits. This grant was a fixed monthly benefit that could be used to pay for County retiree health plan premiums and/or Medicare Part B reimbursement.

The monthly grant amount you received upon retirement was determined based on your full years of credited service and age at retirement. Your grant was designed to help you pay for retiree medical coverage through the County as well as Medicare Part B reimbursement.

ATTENTION SPECIAL DISTRICT EMPLOYEES

If you are an employee of a Special District receiving this communication, please note that your employer contracts with the County to provide you with health benefits, including the Retiree Medical Grant which has transitioned to the Health Reimbursement Arrangement. For you, all references to "County" throughout this Guide also refers to your employer.

Your retiree medical benefits changed on June 16, 2023.

Here's what you need to know:

- On June 16, 2023, your Retiree Medical Grant was frozen. The County transitioned from the Retiree Medical Grant Program to a Health Reimbursement Arrangement (HRA). The HRA is a County-funded account that you can use to pay for qualified medical expenses when you retire or leave your Employer's service.
- Starting June 16, 2023, employees in eligible classifications will receive bi-weekly HRA contributions each pay period.



Because of this change to your retiree medical benefits, you need to decide how you want to receive your frozen Retiree Medical Grant amount, calculated as of June 15, 2023. There are two choices:

1

Take the value of your frozen grant as a one-time deposit into your new HRA

OR

2

Keep your frozen Retiree Medical Grant in grant form

This change impacts YOU!

You need to make a decision about how you want to receive your frozen Retiree Medical Grant.

Please note that based on the timing of your organization adopting to transition from the Retiree Medical Grant to the Health Reimbursement Arrangement, your opportunity to decide how to receive your frozen Retiree Medical Grant amount will occur after your bi-weekly HRA contributions begin.



MARK YOUR CALENDAR!

You must **make a decision** about how to receive your frozen Retiree Medical Grant **between July 10 and August 9, 2023.**

If you don't submit an election by the deadline, you will be defaulted to Option 2, retaining the frozen Retiree Medical Grant in grant form.

Why We Made This Change

The Health Reimbursement Arrangement (HRA) is an account funded on your behalf. You can use the money in the HRA to pay for qualified medical expenses after you retire or leave County service. The HRA provides you with improved flexibility in comparison to the Retiree Medical Grant.

Qualified medical expenses include post-tax insurance premiums for any health plans, including non-County sponsored health plans. You can also use the HRA to pay for out-of-pocket costs for doctor visits, prescriptions, hospital stays, and more. You can even use it for some over-the-counter items, like bandages and non-prescription medicine. For a general list of eligible expenses, visit hrs.ocgov.com/hra.

The Board of Supervisors voted and approved the transition to the HRA for the following employees:

- Employees in labor groups that approved an agreement
- Court and Special Districts
- Unrepresented employees

Your Decision

Because of the change to County retiree medical benefits, you need to decide how you want to receive your Retiree Medical Grant amount (calculated as of June 15, 2023).

There are two choices:



OPTION

1

Take the value of your frozen grant as a one-time deposit into your new HRA

OR

OPTION

2

Keep your frozen Retiree Medical Grant in grant form



The chart below outlines each option in more detail. Go to <https://ochrdecision.ocgov.com> starting **July 10, 2023**, to see your individual benefit amount and to make your election.

OPTION	HOW MUCH WILL I RECEIVE?	IMPORTANT CONSIDERATIONS
<p>1</p> <p>Roll over the value of your frozen Retiree Medical Grant to your new HRA</p>	<ul style="list-style-type: none"> For each full eligible year you worked, you will receive \$855. Therefore, your deposit calculation will equal \$855 x your full years of credited service. In addition to this one-time deposit, you will receive biweekly payroll contributions into your HRA (read more on the next page under “Your New Health Reimbursement Arrangement”). <p><i>NOTE: It is estimated that the one-time contribution of the rollover amount, into the HRA, will be deposited 6–8 weeks after the final calculations are completed.</i></p>	<ul style="list-style-type: none"> Your HRA becomes available to you when you retire or leave County service for any reason. You can pay for monthly premiums for any medical plan with reimbursements from your HRA. Eligible plans include plans offered by the County such as a retiree medical plan or COBRA. It also includes plans not sponsored by the County, as long as premiums for those plans are paid after tax. (Pre-tax premiums paid for another employer’s plans are not reimbursable.) You can use your HRA for doctor visits, prescriptions, hospital stays, glasses, hearing aids, and more. You can even use it for some over-the-counter items, like bandages and non-prescription medicine. Your HRA balance is tax-free and rolls over year to year. HRA balances can be invested in different funds to help grow the amount of money, tax-free, in your HRA.
<p>2</p> <p>Retain your frozen Retiree Medical Grant in grant form upon retirement*</p>	<ul style="list-style-type: none"> Your frozen grant is determined by the number of full years of credited service you worked for the County at the time of the transition (June 15, 2023). The number of years used to calculate the grant amount caps at 25. You receive \$25.37 per month for each full year of credited service. Therefore, your grant calculation will equal \$25.37 x your full years of credited service. See NOTE below if you have more than 25 full years of credited service. Once you reach age 65, your frozen grant amount will be reduced by 50%, based on you attaining eligibility for Medicare. <p><i>NOTE: If you have more than 25 years of service as of June 15, 2023, you will receive a deposit into your HRA for these additional years of service. This one-time deposit is equal to \$855 for each full year of credited service over 25 years.</i></p>	<ul style="list-style-type: none"> Your grant becomes available to you when you: (1) retire from the County and (2) begin collecting your OCERS pension. Your grant can <i>only</i> be used to offset the premium cost of County-sponsored retiree medical plans and/or to reimburse Medicare Part B premium costs. If you plan to retire and live outside of California, you’ll have fewer County medical plan options available to you. Your grant amount was frozen as of June 16, 2023. The following adjustments will no longer apply to your frozen grant: <ul style="list-style-type: none"> Grant cost of living adjustments (grant COLA) Your age at retirement will no longer be used to calculate your grant amount. The 50% reduction when you turn age 65 will continue to apply if you become eligible for Medicare Part B (and Part A for free). If you pass away, your surviving spouse who is covered by a County retiree medical plan gets 50% of your frozen grant. The Medicare reduction still applies.

* Pension buyback and retiree medical buyback rules are different. Buyback for the Retiree Medical Grant is generally not applicable. If your buyback is determined to be eligible for retiree medical benefits and affects your calculation, you will receive an updated confirmation statement. You do not need to do anything related to any buyback — OCERS will provide buyback data to the County.

Your New Health Reimbursement Arrangement (HRA)

As of June 16, 2023, you became eligible to receive retiree medical benefits in an HRA. (This applies whether you choose Option 1 or Option 2 for your frozen grant.) Your HRA was set up on your behalf by the County.

As you continue to work for the County, and remain in an eligible classification, the County will contribute money to your HRA each pay period. The County will continue to make contributions (\$60 full-time and \$30 part-time benefits eligible employees) to your HRA each pay period until you retire or leave County service. The County's contribution will increase by 2.5% annually starting July 2024.

The money in your HRA is tax-free when contributed and tax-free when you use it for reimbursement of qualified medical expenses.

- If you choose to roll over your frozen grant into an HRA, this money will be placed into a cash equivalent fund. This type of fund is meant for short-term investing with low risk and low return on investments.
- For ongoing contributions to your HRA after June 16, 2023, the default investment option will be an age-based mutual fund. This type of fund manages investment risk levels based on your age and how close you are to retirement.

These are the initial or default investments for your HRA funds. You can invest in different funds if you choose.

Note: If you pass away, your spouse and/or eligible children can continue to use the money in your HRA until the money is gone. If you don't have a spouse or eligible children, the funds are returned to the County. You cannot leave the HRA account to your heirs via will or trust.



See Some Examples

It's important to make the best decision about your retiree medical benefits. Based on your personal circumstances, the factors that matter to you may vary. Meet three sample employees with varied years of service to find out how they think about the available options for their personal situation. To see more sample employees and what they decide, go to hrs.ocgov.com/hra.



Meet Maria

Maria is 55 years old and has been working for the County for 20 years. She is nearing retirement, but she hasn't decided when she wants to retire.

OPTION

1

Roll Over to HRA

One-time deposit amount — \$17,100

Here's how this amount was determined:

- 20 full years of credited service x \$855 = \$17,100

Maria's HRA balance will continue to grow, tax-free, as contributions are made to her HRA each pay period until she retires. Maria can also invest her HRA balance to grow the account.

OPTION

2

Retain Frozen Grant

Monthly grant amount = \$507.40

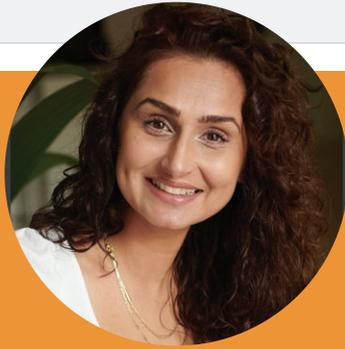
Here's how this amount was determined:

- 20 full years of credited service x \$25.37 = \$507.40
- No age or Grant COLA adjustments impact her frozen grant amount

Note: Once Maria reaches age 65, her grant amount will be reduced by 50% to \$253.70 per month because she will become eligible for Medicare Part B (and Part A for free).

No matter which option Maria chooses, contributions will be made to her HRA each pay period starting June 16, 2023. Contributions will continue until she retires or leaves County service.

Maria is leaning toward Option 1, rolling over her frozen grant to her new HRA. She likes this option because of the flexibility to use the money in her HRA to pay for a variety of health care expenses. Plus, Maria's grandchildren live in another state, and she is considering moving closer to them after retirement.



Meet Alison

Alison is 24 years old and has been working for the County for 3 years. She has never done much thinking about her retirement benefits and wants to see which option will help her make more money in the long run.

OPTION

1

Roll Over to HRA

One-time deposit amount = \$2,565

Here's how this amount was determined:

- 3 full years of credited service x \$855 = \$2,565

Alison's HRA balance will continue to grow, tax-free, as the County makes ongoing contributions each pay period. Alison can also invest her HRA balance to grow the account.

OPTION

2

Retain Frozen Grant

Monthly grant amount = \$76.11

Here's how this amount was determined:

- 3 full years of credited service x \$25.37 = \$76.11
- No age or grant COLA adjustments impact her frozen grant amount

Note: Once Alison reaches age 65, her grant amount will be reduced by 50% to \$38.06 per month because she will become eligible for Medicare Part B (and Part A for free).

No matter which option Alison chooses, contributions will be made to her HRA each pay period starting June 16, 2023. Contributions will continue until she retires or leaves County service.

After weighing the options, Alison chooses Option 1, rolling over her frozen grant to her new HRA. This option will give her the most flexibility for when she is ready for retirement, which is a long way off. Alison is also young and not sure if she will continue to work for the County until she retires. The money in her HRA is hers to keep if she leaves County service, but the frozen grant can only be used if she retires from the County. Alison also likes that she'll have the chance to invest her HRA balance to grow her account even more.



Meet Dominic

Dominic is 47 years old and has worked for the County for 17 years.

OPTION

1

Roll Over to HRA

One-time deposit amount = \$14,535

Here's how this amount was determined:

- 17 full years of credited service x \$855 = \$14,535

Dominic's HRA balance will continue to grow, tax-free, as the County makes ongoing contributions each pay period. Dominic can also invest his HRA balance to grow the account.

OPTION

2

Retain Frozen Grant

Monthly grant amount = \$431.29

Here's how this amount was determined:

- 17 full years of credited service x \$25.37 = \$431.29
- No age or Grant COLA adjustments impact his frozen grant amount

Note: Once Dominic reaches age 65, his grant amount will be reduced by 50% to \$215.65 per month because he will become eligible for Medicare Part B (and Part A for free).

No matter which option Dominic chooses, contributions will be made to his HRA each pay period starting June 16, 2023. Contributions will continue until he retires or leaves County service.

After weighing the options, Dominic chooses Option 2, retaining his frozen grant. He likes the idea of receiving a monthly benefit to help pay for his County-sponsored retiree medical plan premiums. But, he also understands that his HRA will continue to grow through per-pay-period contributions while he's working, and through additional investment earnings. He likes that he has control over how the funds are invested, and that the HRA will give him an additional nest egg to help pay for health care expenses when he retires.

Make Your Decision by August 9, 2023

You must make a decision about how to receive your frozen Retiree Medical Grant. The decision deadline is August 9, 2023 at 11:59 pm PT. Regardless of your age, if you have more than one full year of credited service, this is your ONE CHANCE to make a decision about your future retiree medical benefits.

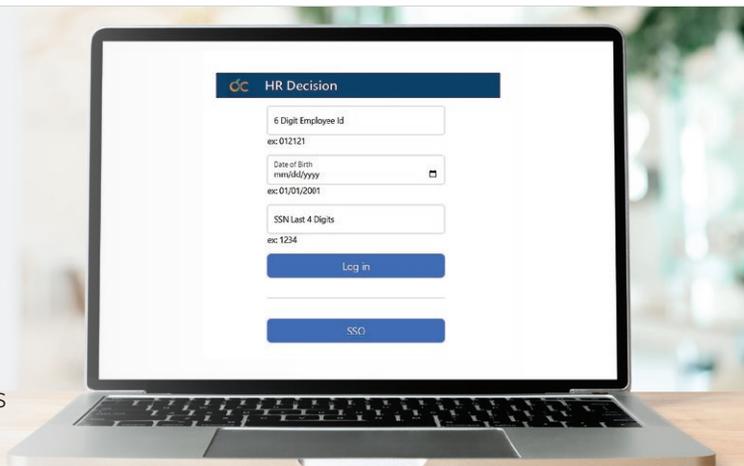
To make your decision, **go to the Retiree Medical Decision Portal at <https://ochrdecision.ocgov.com> starting July 10, 2023.** The portal will show you a personalized estimate of your benefit amounts for each option.

The decision portal will close at 11:59 pm PT on August 9, 2023. You can change your election as many times as you want until August 9, 2023. However, the election that is recorded at 11:59 pm PT on August 9, 2023, will be your final election.

If you don't submit your decision by the August 9 deadline, you will be defaulted to retaining your frozen retiree medical grant. You will not have another opportunity to make an election. Your election as of August 9, 2023, will determine what retiree medical benefit you will have when you retire or separate from service, either a frozen grant or HRA.

Accessing the Retiree Medical Decision Portal

On July 10, you will receive an email from Employee Benefits (DoNotReplyHRA_Info@ocgov.com) with a link to the Retiree Medical Decision Portal. The portal includes a personalized estimate of your benefit amounts for the options available to you.



Go to <https://ochrdecision.ocgov.com> to make your election. Be sure to:

- 1 Ensure your personal identification is correct.
- 2 Provide an email address* — your confirmation of election will be sent to this email address.
- 3 Complete these three steps:
 - Step 1:** Choose Option 1 or Option 2 by clicking the circle next to the option you want to choose.
 - Step 2:** Check the box that confirms you have read, understand, and agree to all terms and conditions of each benefit option.
 - Step 3: Press Submit by August 9, 2023, before 11:59 pm PT.** Your decision is irrevocable.**
- 4 You must complete all 3 steps above by August 9, 2023 for your election to be finalized.
- 5 You will get a confirmation statement each time you make an election in the portal.
- 6 Confirmation of your final election or default election will be sent out in late August after the portal closes on August 9. This is irrevocable.
- 7 Final calculations will be sent out in late September/early October.

* You need to provide an email address only if you do not wish to receive your election confirmation at your work email address or you do not have an email address on file with the County.

** Although the Portal remains open until 11:59 pm, the County offices close at 5 pm and support will not be available if you encounter difficulties in accessing the portal after business hours. Please plan accordingly.

Need Help Deciding Which Option Is Right for You?

Use the chart below to think through questions that might impact your decision about your retiree medical benefits.

QUESTION/CONCERN/ CONSIDERATION:	THEN CONSIDER...		WHY?
	OPTION 1: ROLL OVER TO HRA	OPTION 2: RETAIN FROZEN GRANT	
Which option can help pay for medical plans when I retire?			The Retiree Medical Grant is used to help offset your monthly County retiree health plan premiums. The HRA can reimburse you for any (County or Non-County) eligible post-tax medical premiums and claims.
Does my benefit change when I reach Medicare age?			The Retiree Medical Grant will be reduced by 50% when you reach age 65, assuming you are eligible for Medicare Part B (and Part A for free). With the HRA, there is no reduced benefit when you reach age 65.
Can I use my selected option for my family?			The Retiree Medical Grant can be used to pay for County retiree health plan premiums for you and your eligible dependents. Money in your HRA can be used to pay for a wide variety of qualified medical expenses for you and your eligible dependents.
What happens to my selected option after I pass away?			With the Retiree Medical Grant, your surviving spouse is eligible for 50% of your grant amount. If you die prior to turning age 65, an additional 50% reduction will apply when your spouse turns 65. The HRA can be used by your surviving spouse and other eligible dependents.
What option can I use if I decide to move out of the state or country?			If you move outside of California, you can use your Retiree Medical Grant to pay for County-sponsored PPO plans. Money in the HRA can be used for non-County plans, which means that more plans outside of California will be eligible. You can use your HRA if you move out of state or to another county, but please note that the same claims submission and documentation requirements will apply, including submitting all claims in English.
Which option can help pay for out-of-pocket medical expenses?			Only the HRA allows you to be reimbursed for a variety of out-of-pocket medical expenses.
Which option gives me more control over my retiree health benefits?			If you take the HRA rollover, you will receive a one-time deposit into an HRA account. You can invest this money in different funds to grow your account balance. You can use the money in your HRA to pay for a wide variety of qualified medical expenses for you and your eligible dependents.
Which option can be used after retiring from the County?			To receive the monthly Retiree Medical Grant, you must retire from the County. If you elect to roll over your frozen grant to the HRA, you can use your HRA after you retire or leave County service for any reason.

Need More Information?

Link to “Your Future Retiree Medical Benefits Are About To Change” presentation in Eureka.



Video: What Is a Health Reimbursement Arrangement?

Use the resources on our website to help you with your decision about your future retiree medical benefits.

hrs.ocgov.com/hra



FAQs: Frequently Asked Questions



Video: What Is a Retiree Medical Grant?



List of HRA Qualified Medical Expenses

After reviewing all the information available, you can also email HRA_Info@ocgov.com or call 714-834-6282 and leave a message with additional questions.