



**Your Retiree  
Medical Plan Change  
DECISION  
GUIDE**

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



# Your retiree medical benefits are changing.

These changes will impact you if you plan to retire on or after June 16, 2023. If you are considering retiring in 2023, these changes may also impact the desired timing of your retirement.

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

## Table of Contents

What's Changing	1
Why We're Making This Change	2
Your Decision	2
Planning to Retire Before June 16, 2023?	4
See Some Examples	5
Make Your Decision by May 18, 2023	8
Need Help Deciding Which Option Is Right for You?	10



## IMPORTANT DATES TO REMEMBER

### **April 3, 2023:**

Portal opens to make decision about your retiree medical plan benefits

### **May 18 at 11:59 pm PST:**

Deadline to submit your decision about your retiree medical plan benefits

### **June 16, 2023:**

Retiree medical plan changes go into effect



# What's Changing

The County **currently** provides eligible employees a Retiree Medical Grant. This grant is a fixed monthly benefit that can be used to pay for County retiree health plan premiums and/or Medicare Part B reimbursement.

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

## Effective June 16, 2023, your retiree medical benefits will change.

### Here's what you need to know:

- Starting June 16, 2023, your Retiree Medical Grant will freeze. The County will transition 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 County service. Your Retiree Medical Grant benefit will be frozen effective June 16, 2023.
- Each pay period for eligible employees going forward, a contribution will be made to your new HRA.



**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**

**Unless you plan on retiring on or before June 15, 2023, this change impacts YOU!**

You need to make a decision about how you want to receive your Retiree Medical Grant (which will freeze starting June 16, 2023).



### MARK YOUR CALENDAR!

You must **make a decision** about how to receive your Retiree Medical Grant **between April 3 and May 18, 2023.**

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

## Why We're Making 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 will provide 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](https://hrs.ocgov.com/hra).

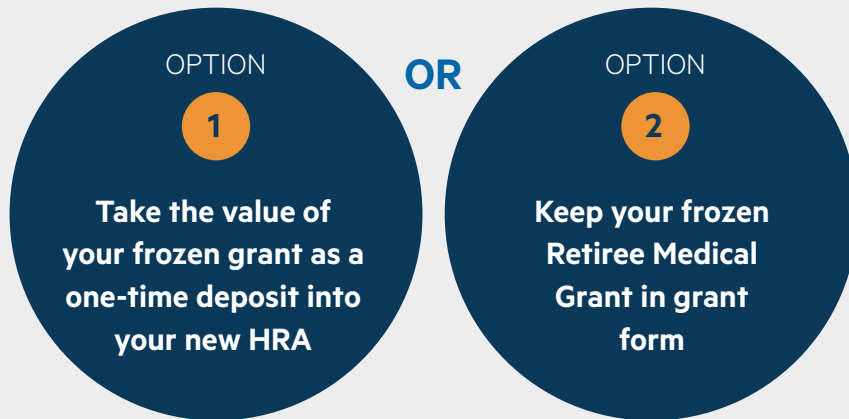
The Board of Supervisors voted and approved the transition to the HRA for the following employees:

- Employees in labor groups that approved an agreement
- Court employees
- 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 April 3, 2023, to see your individual benefit amount and to make your election.

OPTION	HOW MUCH WILL I RECEIVE?	IMPORTANT CONSIDERATIONS
<p><b>1</b></p> <p><b>Roll over the value of your frozen Retiree Medical Grant to your new HRA</b></p>	<ul style="list-style-type: none"> <li>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.</li> <li>After you receive 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”).</li> </ul> <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"> <li>Your HRA becomes available to you when you retire or leave County service.</li> <li>You can use your HRA to pay for monthly premiums for any medical plan. This includes 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.)</li> <li>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.</li> <li>Your HRA balance is tax-free and rolls over year to year.</li> <li>HRA balances can be invested in different funds to help grow the amount of money, tax-free, in your HRA.</li> </ul>
<p><b>2</b></p> <p><b>Retain your frozen Retiree Medical Grant in grant form upon retirement*</b></p>	<ul style="list-style-type: none"> <li>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 16, 2023). The number of years is limited to 25.</li> <li>You receive \$25.37 per month. 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.</li> <li>Once you reach age 65, your frozen grant amount will be reduced by 50%, based on you attaining eligibility for Medicare.</li> </ul> <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"> <li>Your grant becomes available to you when you retire from the County and begin collecting your OCERS pension.</li> <li>Your grant can <i>only</i> be used to pay for the premium cost of County-sponsored retiree medical plans and/or to reimburse Medicare Part B premium costs.</li> <li>If you plan to retire and live outside of California, you’ll have fewer County medical plan options available to you.</li> <li>Your grant amount will be frozen as of June 16, 2023.</li> <li>The following adjustments will no longer apply to your frozen grant: <ul style="list-style-type: none"> <li>Grant cost of living adjustments (grant COLA)</li> <li>Your age at retirement will no longer be used to calculate your grant amount.</li> </ul> </li> <li>The 50% reduction when you turn age 65 will continue to apply if you become eligible for Medicare Parts A and B.</li> <li>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.</li> </ul>

\* 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 it to the County.

## Your New Health Reimbursement Arrangement (HRA)

As of June 16, 2023, you will receive future retiree medical benefits in an HRA. (This applies whether you choose Option 1 or Option 2 for your retiree medical benefits through June 15.) Your HRA will be set up on your behalf by the County.

As you continue to work for the County, the County will contribute money to your HRA each pay period. The County will continue to make contributions 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.*



## Planning to Retire on or Before June 15, 2023?

**If you retire on or before June 15, 2023, you are not eligible for an HRA.** You will keep your current Retiree Medical Grant. Your grant will be determined using the following criteria:

- **Years of service:** You must have worked for the County at least 10 continuous years.
- **Pension:** You must be collecting your OCERS pension.
- **Age adjustment:** When you retire, your grant may be adjusted based on your age. If you are under age 60, your grant will be decreased 7.5% for each year that you are under age 60. If you are age 60 or over, your grant will be increased 7.5% for each year that you are over age 60 up to age 70. Once you reach age 65, your grant is reduced by 50% upon attaining Medicare eligibility.
- **Grant base amount:** Your base grant amount, for 2023, will equal \$25.37 for each full year of credited service you have worked for the County, up to 25 years.
- **Grant cost of living adjustment:** You will receive an annual cost of living adjustment for your grant. This amount varies from 0% to 3% each year.

If you are planning to retire on or before June 15, 2023, email [HRA\\_Info@ocgov.com](mailto:HRA_Info@ocgov.com) or call 714-834-6282 with any questions or concerns.

## 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](https://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 could be reduced by 50% to \$253.70 per month if she has Medicare Parts A and B.*

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.*

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 Robert

Robert is 65 years old and has worked for the County for 30 years. He is sure he wants to retire in 2023 and wants to weigh his options. If Robert retires after June 16, 2023, he has these options:

### OPTION

1

#### Roll Over to HRA

**One-time deposit amount = \$25,650.00**

Here's how this amount was determined:

- 30 full years of credited service x \$855 = \$25,650
- Robert's HRA balance will continue to grow, tax-free, if he chooses to keep working for the County, as the County will make ongoing contributions each pay period until he retires. Robert can also invest his HRA balance to grow the account.

### OPTION

2

#### Retain Frozen Grant

(retiring on or after June 16, 2023)

**Monthly grant amount = \$317.13**

**One-time deposit to HRA = \$4,275.00**

Here's how these amounts were determined:

- 25 full years of credited service x \$25.37 = \$634.25
- 50% reduction because Robert is age 65, reduces to \$317.13 per month
- No grant COLA or additional age adjustments impact his frozen grant amount

Robert also receives a one-time deposit to an HRA because he has more than 25 full years of credited service. This deposit equals \$4,275.00 (5 years of service x \$855).

### But what if Robert decides to retire on or before June 15, 2023?

If Robert decides to retire on or before June 15, 2023, his grant amount will be different. It will be \$436.05 per month.

Here's how this amount was determined:

- 25 full years of credited service x \$25.37 = \$634.25
- Age adjustment for being over age 60 = an additional \$237.84 (5 years of 7.5% increase per year)
- 50% reduction because Robert is age 65 = reduces grant to \$436.05 per month

Robert can also expect to receive grant COLA adjustments to his grant since his benefit would not be frozen. Grant COLA adjustments are assumed to be 0% for 2024 and up to 3% each year thereafter.

After weighing his options, Robert decides to retire before June 15, 2023. This will allow him to receive a grant that's nearly \$120 higher per month and also receive future grant COLA adjustments. Robert has already decided to enroll in a County retiree medical plan, so he will use his grant to pay for these premium amounts.

# Make Your Decision by May 18, 2023

**You must make a decision about how to receive your frozen Retiree Medical Grant. The decision deadline is May 18, 2023. 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.**

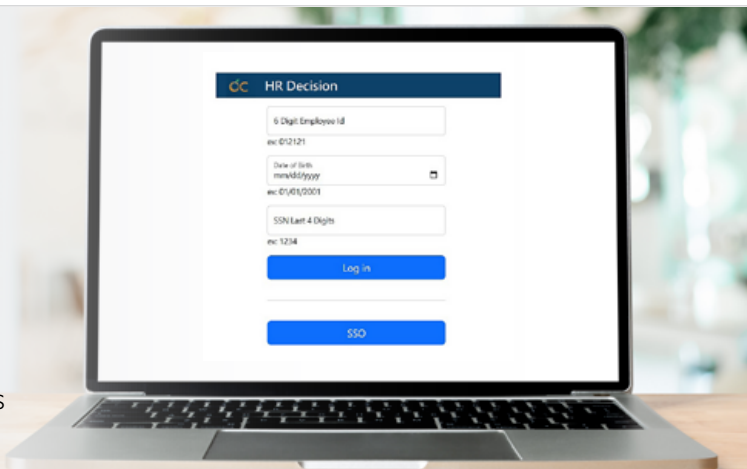
To make your decision, **go to the Retiree Medical Decision Portal at <https://ochrdecision.ocgov.com> starting April 3, 2023.** The portal will show you a personalized estimate of your benefit amounts for each option.

The decision portal will close at 11:59 pm PT on May 18, 2023. You can change your election as many times as you want until May 18, 2023. However, the election that is recorded at 11:59 pm PT on May 18, 2023, will be your final election.

If you don't submit your decision by the May 18 deadline, you will be defaulted to retaining your frozen retiree medical grant. You will not have another opportunity to make an election. Elections as of May 18, 2023, will determine your retiree medical benefits when you retire from the County.

## Accessing the Retiree Medical Decision Portal

On April 3, 2023, 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 Choose Option 1 or Option 2 by clicking the circle next to the option you want to choose.
- 4 Check the box that confirms you have read, understand, and agree to all terms and conditions of each benefit option.
- 5 **Press Submit by May 18, 2023, before 11:59pm PT. Your decision is irrevocable.**
- 6 You will get a confirmation statement each time you make an election in the portal.
- 7 Confirmation of your final election or default election will be sent out in late May/early June after the portal closes on May 18. This is irrevocable.
- 8 Final calculations will be sent out in late July/early August.

Note: If your one full year (2,080 hours) of credited service anniversary with the County falls between March 9, 2023, and June 15, 2023, you will receive an email with the link to the Decision Portal in early July 2023. You will have options that differ slightly from those presented in this mailer.

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

# 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](https://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](mailto:HRA_Info@ocgov.com) or call 714-834-6282 with additional questions.

# 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	
<b>Which option can help pay for medical plans when I retire?</b>			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.
<b>Does my benefit change when I reach Medicare age?</b>			The Retiree Medical Grant will be reduced when you reach age 65, assuming you are eligible for Medicare Part A and enrolled in Medicare Part B. With the HRA, there is no reduced benefit when you reach age 65.
<b>Can I use my selected option for my family?</b>			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.
<b>What happens to my selected option after I pass away?</b>			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.
<b>What option can I use if I decide to move out of the state or country?</b>			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.
<b>Which option can help pay for out-of-pocket medical expenses?</b>			Only the HRA allows you to be reimbursed for a variety of out-of-pocket medical expenses.
<b>Which option gives me more control over my retiree health benefits?</b>			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.
<b>Which option can be used after retiring from the County?</b>			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.