



Booklet I

RETIREE MEDICAL INSURANCE

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Eligible employees who leave SHC/LPCH on or after age 55 and have met the service requirements, may continue their medical insurance under one of the SHC/LPCH retiree medical plans.

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GENERAL INFORMATION ABOUT RETIREE MEDICAL BENEFITS

Who is Eligible for Retiree Medical Insurance?

When you leave SHC/LPCH at or after age 55, you may be eligible for retiree medical benefits if:

- You are at least age 55 when your active employment status with SHC/LPCH ends, **and**
- You have 10 years of Continuous Service after age 45 (Retiree Groups A and B) or 15 years after age 40 (Retiree Groups C and D).

Retiree Groups

Your “Retiree Group” determines for which retiree medical plan you are eligible and your share of the cost for your retiree medical coverage. Use the chart on the following page to determine your Retiree Group.

Continuous Service

Continuous Service is all years of regular, benefit-eligible service without a break in service.

Continuous Service includes time you worked as a regular, benefit-eligible employee including time with a Predecessor Employer – provided there is no break in service.

You do **not** receive credit for time you work as a:

- Relief employee (however, time worked as a relief or temporary employee will not cause a break in service to occur), or
- Temporary agency or contract employee.

Predecessor Employer

Predecessor employers are Stanford University, Stanford Health Services (SHS), Lucile Packard Children’s Hospital (LPCH), UCSF Stanford Health Care, and UCSF.

Breaks in Service

Voluntary Terminations

A break in Continuous Service occurs when you leave SHC (or one of the Predecessor Employers) for more than one year. If you return to work within one year, your prior eligible service is restored, but not your time away. Represented employees should consult their collective bargaining agreement.

Layoffs

Your service prior to a lay-off is restored if you are rehired within one year. Your time away is not restored. Nor is time restored for any period you work and also received severance pay benefits – unless you repay the severance pay benefits for the overlapping period.

Leave of Absence

You do not incur a break in service during an approved leave of absence. However, leave of absence time in excess of 6 months (7 months for a combination pregnancy and family leave) does not count toward your Continuous Service requirement for retiree medical eligibility.

If You Become Disabled 6 Months Prior to Age 55

Your service will be bridged for up to 6 months if your disability is approved by Social Security.

To be eligible for retiree medical benefits you must:

1. Be age 55 or older when your active employment status with SHC/LPCH ends, AND
2. Have 10 years of Continuous Service after age 45 (Retiree Groups A and B), or 15 years of Continuous Service after age 40 (Retiree Groups C and D).

How to Determine Your Retiree Group

If You Meet this Criteria:	Your Retiree Group is:								
Stanford Health Services (SHS) employees who were retired on December 31, 1992	Group A								
SHS employees who, on December 31, 1992, met one of the following 3 criteria:	Group A								
<table border="0"> <tr> <td style="text-align: center;">Age</td> <td style="text-align: center;">Years of Continuous Service</td> </tr> <tr> <td style="text-align: center;">65 or over</td> <td style="text-align: center;">5</td> </tr> <tr> <td style="text-align: center;">55 or over</td> <td style="text-align: center;">10</td> </tr> <tr> <td style="text-align: center;">Any age</td> <td style="text-align: center;">25</td> </tr> </table>	Age	Years of Continuous Service	65 or over	5	55 or over	10	Any age	25	
Age	Years of Continuous Service								
65 or over	5								
55 or over	10								
Any age	25								
Individuals who on October 31, 1997, were employees of a Predecessor Employer and on November 1, 1997 (a) became UCSF Stanford Health Care employees* and (b) met one of the following 3 criteria:	Group B								
<table border="0"> <tr> <td style="text-align: center;">Age</td> <td style="text-align: center;">Years of Continuous Service with LPCH, SHS or UCSF</td> </tr> <tr> <td style="text-align: center;">50 or over</td> <td style="text-align: center;">5</td> </tr> <tr> <td style="text-align: center;">40 or over</td> <td style="text-align: center;">10</td> </tr> <tr> <td style="text-align: center;">Any age</td> <td style="text-align: center;">15</td> </tr> </table>	Age	Years of Continuous Service with LPCH, SHS or UCSF	50 or over	5	40 or over	10	Any age	15	
Age	Years of Continuous Service with LPCH, SHS or UCSF								
50 or over	5								
40 or over	10								
Any age	15								
Individuals who on October 31, 1997, were employees of a Predecessor Employer and on November 1, 1997 (a) became UCSF Stanford Health Care employees* and (b) did not meet the criteria for Groups A and B.	Group C								
All other individuals hired by UCSF Stanford Health Care or SHC on or after November 1, 1997	Group D								

*Including former UCSF and Stanford University employees whose jobs transferred to UCSF Stanford Health Care after November 1, 1997 but prior to October 31, 1998. These employees determine their retiree category based on their age and service on November 1, 1997.

Acquisitions

Employees of clinics or hospitals acquired in the future will be assigned to Retiree Group D unless otherwise provided in the terms of the acquisition.



Which Plans Are You Eligible For?

	Group A	Group B	Group C	Group D
Under Age 65				
Same Plans as Active Employees	+	+	+	+
At Age 65*				
• Traditional Plan (Coordinates with Medicare)	+	+		
• Kaiser: Senior Advantage (Medicare + Choice HMO)	+	+	+	+

*When covered individuals become eligible for Medicare (generally at age 65), they must enroll in and obtain Medicare Parts A and B to receive benefits from the SHC/LPCH Retiree Medical Plan.



Cost Sharing

	Group A	Group B	Group C		Group D
SHC/LPCH's share of cost for retirees under age 65	100%	80% not to exceed two times 1994/95 cost	Age when you leave SHC/LPCH	The amount SHC/LPCH pays is determined as a percentage of the lowest cost plan (in which SHC is a provider) – not to exceed – 2 times 1997/98 cost.	0
			55	50%	
			56	56%	
			57	62%	
			58	68%	
			59	74%	
			60 and over	80%	
SHC/LPCH's share of cost for retirees over age 65	100%	80% not to exceed two times 1994/95 cost	100% of lowest cost plan in which SHC is provider – not to exceed two times 1997/98 cost.		0
Your share of cost	0	Amount over SHC/LPCH's share of cost.	Amount over SHC/LPCH's share of cost		100%

The rate of medical inflation over the next several years will determine when SHC/LPCH's contribution percentage falls below the levels shown for retiree groups B and C.

For all retiree groups, the amount, if any, SHC/LPCH pays to cover your eligible domestic partner or his/her children is a taxable benefit. This amount will be reported to the IRS and will be treated as income for tax purposes.



INITIAL ENROLLMENT

When you leave SHC/LPCH at or after age 55, you may be eligible for retiree medical benefits. Retirees who are eligible for retiree medical benefits are required to sign an enrollment form within 31 days of leaving SHC/LPCH.

By signing the form, you agree to pay your share of the premium, if any, and to obtain Medicare Parts A and B coverage as soon as you are eligible. The form also allows you to waive SHC/LPCH retiree medical coverage until you need it.

If you elect retiree medical coverage, you and the eligible dependents you enroll remain in the same plan you had as an active employee. Covered individuals who are eligible for Medicare are enrolled in one of the post-65 benefit plan options as described on page I-4.

When Retiree Medical Coverage Begins

Your SHC/LPCH retiree medical coverage begins the first day of the month after your active employment status ends. You must submit the enrollment form within 31 days of leaving SHC/LPCH.

Eligible Dependents

You may enroll the spouse/eligible domestic partner and children who were continuously covered under your medical plan for the 5 years immediately prior to leaving SHC/LPCH.* In all other respects, eligible dependents are defined the same as under the medical plans offered to active employees.

Eligible dependents who have not been covered for 5 years, may purchase COBRA coverage or convert to an individual plan immediately after you retire.* See Booklet B for more information about when they must make their COBRA or conversion election.

*One year for Category "A" retirees.

If You Have Other Coverage

When you leave SHC/LPCH, you may plan to work for another employer who offers medical benefits, or you may have coverage under your spouse's (or eligible domestic partner's) employer plan.

Plans that cover you as an active employee or the dependent of an active employee pay before SHC/LPCH retiree medical coverage pays. You may prefer to waive SHC/LPCH retiree medical coverage until you need it. You may enroll in SHC/LPCH retiree medical coverage within 31 days of losing your other coverage or during any annual enrollment period.



If Both You and Your Spouse/ Eligible Domestic Partner Worked for SHC/LPCH

If your spouse (or eligible domestic partner) is eligible for SHC/LPCH medical benefits as an employee or retiree, you can:

- Each select coverage on your own as either a retiree/employee and one of you cover the children,* or
- Choose no coverage for one, and enroll that person and any children as dependents of the other retiree/employee.*

When both spouses work for SHC/LPCH and are eligible under different categories, please consult with a Benefits Specialist to determine the appropriate classification at least five years prior to retiring.

*Only a spouse/eligible domestic partner and children who meet the definition of dependent outlined in Booklet A may be enrolled for retiree medical coverage.

Kaiser also sends their retiree members turning age 65 an enrollment package describing their Senior Advantage plan. The package includes a special application which must be completed and returned to Kaiser before you reach age 65 – otherwise Kaiser coverage ends.

The family member who becomes eligible for Medicare will be enrolled in the Medicare plan SHC/LPCH offers for your Retiree Medical Group. Covered family members not yet eligible for Medicare remain in their current plan (Retiree Groups A and B) or transfer to Kaiser (Retiree Groups C and D).

TIP

If you are eligible for Medicare prior to age 65, for example if you have been receiving Social Security disability income benefits for 24 months, you must enroll in Medicare Parts A and B and notify the Benefits Office. Failure to obtain Medicare Parts A and B when you first become eligible could result in the loss of SHC/LPCH retiree medical coverage.

When You Become Eligible for Medicare Coverage

When you or your spouse/eligible domestic partner reach age 65, your retiree medical benefits change because, generally, that is when Medicare eligibility begins. Several months before your 65th birthday, the Benefits Office will send you or your spouse (or eligible domestic partner) a reminder that:

- You must obtain Medicare Parts A and B coverage,
- Your benefits are changing, and
- Your premium contribution, if any, is changing.

When One Family Member Becomes Eligible for Medicare

	Current Plan	New Plan
	For Family Members Not Covered by Medicare	For Family Members Covered by Medicare
Kaiser	No change	Kaiser Senior Advantage
CIGNA HMO CIGNA PPO	No change for Retiree Medical Groups A or B. Others must change to Kaiser.	Traditional Medicare Plan A or B for Retiree Medical Groups A or B. Others must change to Kaiser Senior Advantage.

Enrolling in Medicare

When you become eligible for Medicare (generally at age 65), you must enroll in and obtain Medicare Parts A and B to be eligible for SHC/LPCH retiree medical benefits. Part A covers hospital expenses and is generally automatic if you are receiving a Social Security retirement pension check. Part B covers physician expenses, and you must enroll in and pay for Part B coverage.

Medicare considers you a late enrollee if you do not enroll in Medicare when you reach age 65, or when you cease to be covered by an active employee plan, whichever is later. Late enrollees are subject to a Part B premium surcharge and may only enroll in Medicare from January 1 to March 31 each year, with coverage effective July 1.

You may delay enrolling in Medicare, without a premium surcharge, if you are covered under an employer's plan as an **active** employee or the dependent of an **active** employee. In that case, consider waiving SHC/LPCH retiree medical coverage until you lose your active coverage and have enrolled in Medicare.

Contact your local Social Security Office for information about enrolling in Medicare.

SHC/LPCH's Annual Enrollment Versus Medicare's Enrollment Period

Once each year, SHC/LPCH offers its eligible retirees an opportunity to:

- change plans, or
- add or cancel coverage for eligible dependents (eligible dependents are those eligible for coverage at the time of retirement), or
- enroll if you previously declined coverage, or
- waive coverage.

Notes About SHC/LPCH's Open Enrollment

- You may not enroll new dependents.
- SHC/LPCH's annual enrollment period may not coincide with Medicare's open enrollment period.

During 2005, Medicare allows eligible individuals to generally enroll in a Medicare Advantage (formerly known as Medicare+Choice) Plan at any time, although certain Medicare Advantage Plans may have different enrollment rules that limit when enrollments are permitted. As of January 1, 2006, you may only join or leave a Medicare Advantage plan at certain times. For further information regarding your enrollment options, please call Medicare at 800-MEDICARE (800-633-4227).

Assess Your Retiree Medical Needs Early

As you approach retirement and each year thereafter, consider these points:

- If both you and your spouse/eligible domestic partner both work at SHC/LPCH and are eligible under different categories, consult with a Retirement Specialist to determine the appropriate classification prior to five years before retirement.
- Where will you live? To be covered under the Kaiser or CIGNA HMO plans, you must live in their service area.
- Will you continue to have medical coverage elsewhere as an active employee or as the dependent of an active employee? Review the coordination of benefit rules in Booklet B and consider whether you need SHC/LPCH retiree medical coverage while you have "active" plan coverage.
- Does your spouse/eligible domestic partner have retiree medical coverage with his/her employer? Review the coordination of benefit rules in Booklet B of this Handbook and consider whether your spouse/eligible domestic partner needs SHC/LPCH retiree medical coverage.

WHEN COVERAGE ENDS

As an eligible retiree, SHC/LPCH's retiree medical coverage is available to you for your lifetime unless you stop paying your share of the premium or coverage is terminated by SHC/LPCH.

Your eligible spouse/eligible domestic partner and children may continue coverage for the remainder of their lifetime until:

- You, or they, stop making any required contribution, or
- They become covered under a SHC/LPCH medical plan as an employee, or
- They are no longer eligible. For your spouse/eligible domestic partner, this means you divorce, obtain a legal separation, or end your eligible domestic partnership. For children, this means they reach the maximum age or you fail to provide proof of their continued eligibility, or
- You request to end their coverage, or
- Coverage is terminated by SHC/LPCH.

Options When Coverage Ends

COBRA

Your covered dependents may be able to continue their retiree medical benefits under COBRA. See Booklet B for information about COBRA coverage.

Conversion

Your covered dependents may be able to convert your retiree medical coverage to an individual medical insurance policy. Refer to your plan's Evidence of Coverage booklet for information about converting your SHC/LPCH retiree medical coverage to an individual insurance policy.

How to Obtain More Information About the Retiree Medical Benefit Plan

To obtain information about the retiree medical plan, call the following:

- Your local Medicare office to learn how and when to enroll in Medicare Part B.
- Your medical plan to obtain information about their Medicare plan benefits.
- The Benefits Office to:
 - find out to which retiree group you have been assigned in the event you are eligible for retiree medical insurance when you leave SHC/LPCH.
 - obtain the Summary Plan Description for the current retiree medical plan. (SHC/LPCH reserves the right to change benefits for both active and retired employees.)



