



**POLICY COMMITTEE MEETING OF THE BOARD OF TRUSTEES**

**June 13, 2018**

**5:00 PM**

**AGENDA**

*The Policy Committee is not a decision-making body and only makes recommendations to the Board.*

*Policy Committee Meetings are accessible to people with disabilities. Individuals who need special assistance or a disability-related modification or accommodation (including auxiliary aids or services) to participate in this meeting; or who have a disability and wish to request an alternative format for the agenda, meeting notice, agenda packet or other writings that may be distributed at the meeting, should contact District Manager Chindi Peavey at least five working days before the meeting at (650) 344-8592. Notification in advance of the meeting will enable the District to make reasonable arrangements to ensure accessibility to this meeting and the materials related to it.*

*Public records that relate to any item on the open session agenda for a Policy Committee meeting are available for public inspection. Those records that are distributed less than 72 hours prior to the meeting are available for public inspection at the same time they are distributed to all Policy Committee members. The Policy Committee of the Board has designated the office of the San Mateo County Mosquito and Vector Control District, located at 1351 Rollins Road, Burlingame, for the purpose of making those public records available for inspection.*

**1. CALL TO ORDER.**

**2. PLEDGE OF ALLEGIANCE.**

**3. ROLL CALL.**

- Chairperson Kati Martin will take roll call. \_\_\_\_\_
- Robert Riechel, City of San Bruno \_\_\_\_\_
- Ed Degliantoni, City of San Mateo \_\_\_\_\_
- Donna Rutherford, City of East Palo Alto \_\_\_\_\_
- Carolyn Parker, City of Brisbane \_\_\_\_\_
- Kat Lion, City of Redwood City \_\_\_\_\_



**4. PUBLIC COMMENTS AND ANNOUNCEMENTS.**

- This time is reserved for members of the public to address the Policy Committee of the Board relative to matters of the Committee not on the agenda. No action may be taken on non-agenda items unless authorized by law. Comments will be limited to five minutes per person (ten minutes where a translator is being used).

**5. REGULAR AGENDA**

**Employee Manual**

- A. Employee Manual Chapter 6000** *Consider updating and revisions to the following Employee Manual policies on Retiree Health Benefits and Prescription Drug Coverage*
- 6000E Retired Employees**
  - 6010E Retired Employees Health Benefits**
  - 6020E Retired Employees Prescription Drug Coverage**

**6. ADJOURNMENT**

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Agenda Item # 5A

**Review of Changes to District Employee Manual Policies 6000E, 6010E, and 6020E: Retired Employee Health and Prescription Drug Benefits**

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**BACKGROUND**

District Policies 6000 (Retired Employee Benefits), 6010 (Retired Employee Health Benefits), and 6020 (Retired Employees Prescription Drug Coverage) establish the rules applicable to the District's reimbursement provided to the District retirees to help defer the costs of retired employees health insurance premiums and prescription costs.

The policies themselves were last amended in 2007, and in March of 2011, the Board approved a "Summary of Retiree Benefit Provisions".

In 2016, the District established a Health Reimbursement Arrangement (HRA) to provide for the reimbursement of these costs, and informed the existing retirees who are eligible to receive reimbursements, of the change to the use of the HRA.

The proposed changes to the listed policies reflect the 2016 change to the use of the HRA to provide the required reimbursement for retirees, and make related clarifying changes. In addition, the proposed revisions make the following changes to the current policies:

- Health Care Reimbursement for those **below** the age of Medicare eligibility, will be
  - calculated at the time of retirement. This has been the practice to date.
  - based on the cost of the employee-only medical premiums in the District's health care plans available to active employees, rather than the average cost of three health care plans (which vary by age) selected by the District Policy Committee as specified.
- Health Care Reimbursement for those **at or above** the age at which they are eligible for Medicare, will be
  - based on **a percentage of the Medicare Part B** premium, as required by the March 2011 Board-approved Summary of Retiree Benefits.

These policy changes were reviewed by the Policy committee at their May 9 committee meeting. At that time they requested the following changes from what had been presented to them. These changes are **highlighted in yellow** in the attached policies.

- 6000E – no further changes
- 6010E – Instead of age 65, refers to the age of Medicare eligibility

- 6020E - Instead of age 65, refers to the age of Medicare eligibility

The District's legal counsel has reviewed these policies and approved them.

**Attachments**

1. District Employee Manual Policy 6000E Retired Employee Benefits - track changes
2. District Employee Manual Policy 6000E clean copy
3. District Employee Manual Policy 6010E Retired Employee Health Benefits - track changes
4. District Employee Manual Policy 6010E clean copy
5. District Employee Manual Policy 6020E Retired Employee Prescription Drug Coverage - track changes
6. District Employee Manual Policy 6020E clean copy
7. Summary of Retiree Benefit Provisions approved by the Board on March 9, 2011.



## **POLICIES AND PROCEDURES EMPLOYEE MANUAL**

**TITLE: RETIRED EMPLOYEE BENEFITS**

**NUMBER: 6000E**

**6000.10** Once employees satisfy certain eligibility requirements as determined by the Board, retired employees will be ~~monetarily compensated-reimbursed~~ to offset the cost of health care insurance premiums (Premiums) as specified in policy 6010.20 and for prescription drugs (Prescriptions) as specified in Policy 6020 via a Health Reimbursement Arrangement (HRA). The District's HRA is currently administered by MidAmerica Administrative & Retirement Solutions (MidAmerica) and is subject to change in the future. Retired employees shall be responsible to elect and purchase their own health coverage ~~with this contribution payment~~ and will be reimbursed for their own Premiums and Prescription costs, following IRS guidelines and applicable plan and eligibility requirements by submitting receipts to a Health Reimbursement Arrangement (HRA) provider. To the extent permitted by the insurance providers, retirees may purchase insurance from the District's insurance providers

**6000.20** The District makes no warranty as to tax consequences of retired employee benefits.

**6000.30** Employees who have retired prior to June 2004 are bound by the memorandum of understanding dated June 15, 2004.

Issued: \_\_\_\_\_ November 13, 1990

Revised: \_\_\_\_\_ June 13, 2007

Legal Review \_\_\_\_\_ April 2018

Policy Committee Review \_\_\_\_\_ June 13, 2018



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## **POLICIES AND PROCEDURES EMPLOYEE MANUAL**

**TITLE: RETIRED EMPLOYEE BENEFITS**

**NUMBER: 6000E**

**6000.10** Once employees satisfy certain eligibility requirements as determined by the Board, retired employees will be reimbursed to offset the cost of health care insurance premiums (Premiums) as specified in policy 6010.20 and for prescription drugs (Prescriptions) as specified in Policy 6020 via a Health Reimbursement Arrangement (HRA). The District's HRA is currently administered by MidAmerica Administrative & Retirement Solutions (MidAmerica) and is subject to change in the future. Retired employees shall be responsible to elect and purchase their own health coverage and will be reimbursed for their own Premiums and Prescription costs, following IRS guidelines and applicable plan and eligibility requirements by submitting receipts to a Health Reimbursement Arrangement (HRA) provider. To the extent permitted by the insurance providers, retirees may purchase insurance from the District's insurance providers.

**6000.20** The District makes no warranty as to tax consequences of retired employee benefits.

**6000.30** Employees who have retired prior to June 2004 are bound by the memorandum of understanding dated June 15, 2004.

Issued: November 13, 1990  
Revised: June 13, 2007  
Legal Review April 2018  
Policy Committee Review June 13, 2018

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## **POLICIES AND PROCEDURES EMPLOYEE MANUAL**

**TITLE: RETIRED EMPLOYEES HEALTH BENEFITS**

**NUMBER: 6010E**

**6010.10** For purposes of this section, retired employees are full-time regular employees who have either retired due to physical disability or qualified for retirement from active district employment under the requirements set forth in the current San Mateo County Employees' Retirement Association pamphlet.

**6010.20** The District shall make monetary contributions to a Health Reimbursement Arrangement (HRA) Account from which eligible retired employees can be reimbursed for the purpose of continuation of health insurance to offset the cost of health care insurance premiums. Retired employees shall be responsible to elect and purchase their own health insurance coverage and may seek reimbursement for the costs of their own health insurance premiums only (Premiums). Reimbursement will be provided in the amounts specified in sections 6010.21, 6010.22, and 6010.32 following IRS Guidelines and applicable eligibility requirements as determined by the District by submitting claims to the District's Health Reimbursement Arrangement (HRA). The District's HRA administrator is currently MidAmerica Administrative & Retirement Solutions (MidAmerica), and is subject to change in the future. Retired employees shall be subject to all terms and conditions of the HRA, including, but not limited to the conditions for eligibility, the claims procedure and appeal process. The District will make contributions The percentage of the benefit to be paid to the retired employee's HRA account in order to allow the retired employee to receive reimbursements each year for their own health insurance premiums, up to the amount in -will be based on- the following schedule calculated at the time of retirement:

**Commented [C1]:** Changes in yellow were added after May 9

**6010.21 DISABILITY RETIREMENT WITH LESS THAN TEN- (10) YEARS OF SERVICE** as outlined in the San Mateo County Employees' Retirement Association pamphlet:

**6010.211** Job connected, regardless of service, is 25% of the health care premium contribution amount defined in section 6010.312.

**6010.212** Non-job connected, after five- (5) years of service is 25% of the health care premium.

**6010.22 EMPLOYMENT SERVICE OR DISABILITY RETIREMENT AFTER TEN- (10) YEARS OF SERVICE** as outlined in the San Mateo County Employees' Retirement Association pamphlet:

**6010.220** Less than ten (10) years of service, there shall be no District contribution toward health care premium

**6010.221** Ten (10) – Fifteen (15) years of service at least ten (10) but less than sixteen (16) years of service is 50% of the health care premium contribution amount defined in section 6010.312.

**6010.222** Sixteen (16) – Twenty (20) years of service at least sixteen (16) but less than twenty (20) years of service is 75% of the health care premium contribution amount defined in section 6010.312.

**6010.223** Over ~~4~~ Twenty- (20) years or more of service is 100% of the health care premium contribution amount defined in section 6010.312.

**6010.30** The District contribution based on 6010.20 is as follows:

**6010.31** Retired employee less than sixty five (65) years of the age of Medicare eligibilityage.

**6010.311** Contribution to the HRA described in Sections 6010.21 and 6010.22 starts with the first month that the employee retires and continues until the retired employee reaches sixty five (65) years of age the age of Medicare eligibility or death, whichever comes first. At the age sixty five of Medicare eligibility, this phase of the retired employee health care benefit is concluded because the employee will enroll in Medicare and the District places the retired employee into a new phase of the District's retired health care support which is outlined in Policy 6010.32.

**6010.312** The health care premium used to calculate the schedule of annual reimbursement amounts specified in Sections 6010.21 and 6010.22 is determined at the time of retirement and Contribution is based on an the average cost of the employee-only medical premiums in the health care plans available to active District employees through the Fire Districts Association of California Employment Benefits Authority (FDAC EBA) or subsequent medical insurance providers. (3) for retired employees and available in San Francisco, San Mateo, or Alameda counties. The contribution is determined by the District Policy Committee and is reviewed every two years.

~~6010.313~~ — ~~The District Policy Committee determines the health care plans reviewed.~~

**6010.32** Retired employee more than sixty five (65) years of age at or above the age of Medicare eligibility:

**6010.321** Contribution to the retired employee's HRA described in Section 6010.322 starts when the employee reaches sixty five (65) years of age and is eligible to enter the Medicare-Medicare-funded health care program and continues until the retired employees' death.

**6010.322** The District will make contributions to the retired employee's HRA account in an amount that will allow the retired employee to receive reimbursement each year for their own health insurance premiums up to the percentage of the Medicare Part B premium specified below, based on the applicable years of District service; is determined by averaging three (3) Medicare Supplement Plans without prescription drug coverage. Prescription drug coverage is provided in Policy 6020. The contribution is determined by the District Policy Committee and is reviewed and adjusted, as necessary, every two years.

- 0%: Less than ten (10) years of District service;
- 50%: At least ten (10), but less than sixteen (16) years of District service;
- 75%: At least sixteen (16), but less than twenty (20) years of District service;
- 100%: Twenty (20) or more years of District service.

Notwithstanding the above, a retired employee on a disability retirement, with a service-related disability, shall be eligible for reimbursement of their own health insurance premiums up to 25% of the Medicare Part B premium, regardless of the number of years of District Service.

~~6010.323~~ — ~~The District Policy Committee determines Health Care Supplemental plans to be reviewed.~~

**6010.33** When the retired employee dies, the District shall continue to make contributions to an HRA account to allow the surviving spouse may-to receive the same contribution-reimbursement amounts that would have been provided to the retired employee for four (4) years following the retired employee's death in accordance with applicable rules and requirements of the HRA provider.

**6010.40** Retired employees are responsible for selecting and purchasing their own insurance coverage. All decisions as to the type of coverage to be provided to retired employees by the health plan carrier shall be made exclusively by and between the health plan carrier selected by the retired employee and the retired employee. The District shall not assume any responsibility relating to, or resulting from, converted policies or serve as intermediary between the retired employee and the health plan carrier. Changes in the health plan provisions, policies, rules, regulations, or changes in health plan carriers may affect any or all sections of these provisions in this Employee Manual.

**6010.50**      The District makes no warranty as to tax consequences of retired employee benefits.

Issued: November 13, 1990

Revised: June 13, 2007

Related changes to retiree benefits adopted by the Board on March 9, 2011

Legal Review                      April 2018

Policy Committee review      June 13, 2018



## **POLICIES AND PROCEDURES EMPLOYEE MANUAL**

**TITLE: RETIRED EMPLOYEES HEALTH BENEFITS**

**NUMBER: 6010E**

**6010.10** For purposes of this section, retired employees are full-time regular employees who have either retired due to physical disability or qualified for retirement from active district employment under the requirements set forth in the current San Mateo County Employees' Retirement Association pamphlet.

**6010.20** The District shall make monetary contributions to a Health Reimbursement Arrangement (HRA) Account from which eligible retired employees can be reimbursed. to offset the cost of health care insurance premiums. Retired employees shall be responsible to elect and purchase their own health insurance coverage and may seek reimbursement for the costs of their own health insurance premiums only (Premiums). **Reimbursement will be provided** in the amounts specified in sections 6010.21, 6010.22, and 6010.32 following IRS Guidelines and applicable eligibility requirements as determined by the District by submitting claims to the District's Health Reimbursement Arrangement (HRA). The District's HRA administrator is currently MidAmerica Administrative & Retirement Solutions (MidAmerica), and is subject to change in the future. Retired employees shall be subject to all terms and conditions of the HRA, including, but not limited to the conditions for eligibility, the claims procedure and appeal process. The District will make contributions to the retired employee's HRA account in order to allow the retired employee to receive reimbursements each year for their own health insurance premiums, up to the amount in the following schedule, calculated at the time of retirement:

**Commented [C1]:** Changes in yellow were added since May 9

**6010.21 DISABILITY RETIREMENT WITH LESS THAN TEN- (10) YEARS OF SERVICE** as outlined in the San Mateo County Employees' Retirement Association pamphlet:

**6010.211** Job connected, regardless of service, is 25% of the health care premium contribution amount defined in section 6010.312.

**6010.212** Non-job connected, after five- (5) years of service is 25% of the health care premium.

**6010.22 EMPLOYMENT SERVICE OR DISABILITY RETIREMENT AFTER TEN- (10) YEARS OF SERVICE** as outlined in the San Mateo County Employees' Retirement Association pamphlet:

**6010.220** Less than ten (10) years of service, there shall be no District contribution toward health care premium

**6010.221** at least ten (10) but less than sixteen (16) years of service is 50% of the health care premium contribution amount defined in section 6010.312.

**6010.222** at least sixteen (16) but less than twenty (20) years of service is 75% of the health care premium contribution amount defined in section 6010.312.

**6010.223** Twenty- (20) years or more of service is 100% of the health care premium contribution amount defined in section 6010.312

**6010.30** The District contribution based on 6010.20 is as follows:

**6010.31** Retired employee less than **the age of Medicare eligibility**.

**6010.311** Contribution to the HRA described in Sections 6010.21 and 6010.22 starts with the first month that the employee retires and continues until the retired employee reaches **the age of Medicare eligibility** or death, whichever comes first. At **the age of Medicare eligibility**, this phase of the retired employee health care benefit is concluded because the employee will enroll in Medicare and the District places the retired employee into a new phase of the District's retired health care support which is outlined in Policy 6010.32.

**6010.312** The health care premium used to calculate the schedule of annual reimbursement amounts specified in Sections 6010.21 and 6010.22 is determined at the time of retirement and is based on the average cost of the employee-only medical premiums in the health care plans available to active District employees through the Fire Districts Association of California Employment Benefits Authority (FDAC EBA) or subsequent medical insurance providers..

**6010.32** Retired employee **at the age of Medicare eligibility**:

**6010.321** Contribution to the retired employee's HRA described in Section 6010.322 starts when the employee **is eligible to enter the Medicare**-funded health care program and continues until the retired employees' death.

**6010.322** The District will make contributions to the retired employee's HRA account in an amount that will allow the retired employee to receive reimbursement each year for their own health insurance premiums up to the percentage of the Medicare Part B premium specified below, based on the applicable years of District service:

- 0%: Less than ten (10) years of District service;

- 50%: At least ten (10), but less than sixteen (16) years of District service;
- 75%: At least sixteen (16), but less than twenty (20) years of District service;
- 100%: Twenty (20) or more years of District service.

Notwithstanding the above, a retired employee on a disability retirement, with a service-related disability, shall be eligible for reimbursement of their own health insurance premiums up to 25% of the Medicare Part B premium, regardless of the number of years of District Service.

**6010.33** When the retired employee dies, the District shall continue to make contributions to an HRA account to allow the surviving spouse to receive the same reimbursement amounts that would have been provided to the retired employee for four (4) years following the retired employee's death in accordance with applicable rules and requirements of the HRA provider.

**6010.40** Retired employees are responsible for selecting and purchasing their own insurance coverage. All decisions as to the type of coverage to be provided to retired employees by the health plan carrier shall be made exclusively by and between the health plan carrier selected by the retired employee and the retired employee. The District shall not assume any responsibility relating to, or resulting from, converted policies or serve as intermediary between the retired employee and the health plan carrier. Changes in the health plan provisions, policies, rules, regulations, or changes in health plan carriers may affect any or all sections of these provisions in this Employee Manual.

**6010.50** The District makes no warranty as to tax consequences of retired employee benefits.

Issued: November 13, 1990

Revised: June 13, 2007

Related changes to retiree benefits adopted by the Board on March 9, 2011

Legal Review April 2018

Policy Committee review June 13, 2018



## **POLICIES AND PROCEDURES EMPLOYEE MANUAL**

**TITLE:** RETIRED EMPLOYEES PRESCRIPTION DRUG COVERAGE

**NUMBER:** 6020E

**6020.10** For retired employees who are eligible under Policy 6010E of the Employee Manual, the District agrees to make contributions to a Health Reimbursement Arrangement Account on behalf of the retired employee from which the retired employee can be reimbursed up to a maximum of five hundred dollars (\$500) annually per retired employee, upon presentation of sufficient proof of actual cost of out of pocket expenditures for prescription drugs (Prescriptions) not covered under a health conversion plan at the time of retirement until the retired employee reaches the age of Medicare eligibility (currently 65 years of age). Retired employees shall be responsible to elect and purchase their own health insurance coverage and will be reimbursed for Prescriptions purchased for themselves only following IRS guidelines and applicable plan and other eligibility requirements by submitting claims to the Health Reimbursement Arrangement Account established by the District for this purpose. The current HRA provider is MidAmerica Administrative & Retirement Solutions (MidAmerica), and is subject to change in the future. Retired employees shall be subject to all terms and conditions of the HRA, including, but not limited to the conditions for eligibility, the claims procedure, and appeal process.

**6020.20** When the retired employee reaches 65 years of age and is eligible to enter Medicare, the District contribution to the retired employee's Prescription HRA account~~prescription drug coverage~~ will increase to allow the retired employee to be reimbursed up to a maximum of one thousand dollars (\$1,000.00) annually ~~per employee, upon presentation of sufficient proof of actual cost of out of pocket expenditures for prescription drugs not covered by the supplemental Medicare health plan.~~ All terms and conditions of the District's retiree Prescription HRA shall continue to apply.

Issued: November 13, 1990

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Legal Review April 2018

Policy Committee Review June 13, 2018



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## **POLICIES AND PROCEDURES EMPLOYEE MANUAL**

**TITLE: RETIRED EMPLOYEES PRESCRIPTION DRUG COVERAGE**

**NUMBER: 6020E**

**6020.10** For retired employees who are eligible under Policy 6010E of the Employee Manual, the District agrees to make contributions to a Health Reimbursement Arrangement Account on behalf of the retired employee from which the retired employee can be reimbursed up to a maximum of five hundred dollars (\$500) annually per retired employee, upon presentation of sufficient proof of actual cost of out of pocket expenditures for prescription drugs (Prescriptions) not covered under a health conversion plan at the time of retirement until the retired employee reaches **the age of Medicare eligibility (currently 65 years of age)**. Retired employees shall be responsible to elect and purchase their own health insurance coverage and will be reimbursed for Prescriptions purchased for themselves only following IRS guidelines and applicable plan and other eligibility requirements by submitting claims to the Health Reimbursement Arrangement Account established by the District for this purpose. The current HRA provider is MidAmerica Administrative & Retirement Solutions (MidAmerica), and is subject to change in the future. Retired employees shall be subject to all terms and conditions of the HRA, including, but not limited to the conditions for eligibility, the claims procedure, and appeal process.

**6020.20** When the retired employee **is eligible to enter Medicare**, the District contribution to the retired employee's Prescription HRA account will increase to allow the retired employee to be reimbursed up to a maximum of one thousand dollars (\$1,000.00) annually, All terms and conditions of the District's retiree Prescription HRA shall continue to apply.

Issued: November 13, 1990

Revised: June 13, 2007

Legal Review

April 2018

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June 13, 2018

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## San Mateo Mosquito & Vector Control District Summary of Retiree Benefit Provisions

**OPEB provided:** The District has indicated that the only OPEB provided is a subsidy toward the cost of retiree healthcare coverage and limited reimbursement of retiree prescription drug costs.

**Access to coverage:** District retirees are not permitted to retain their coverage in the District's healthcare plans beyond the COBRA period. The OPEB provided are available for employees who obtain their own coverage and meet the following eligibility requirements:

- Retire with the District at the age 56 or older with ten or more years of service, or
- Retire on disability
  - Regardless of service, if disability is job-connected
  - after 5 years of service, if disability is non-job-connected

**Benefits provided:**

Current Retirees: Employees who retired on or before May 31, 2004 receive both a subsidy toward the cost of their healthcare coverage outside of the District's plans and a reimbursement for the cost of prescription drugs and certain other out-of-pocket expenses.

- a. A specific subsidy for healthcare coverage exists for each retiree. The amounts were negotiated in 2004 and increase with an annual cost of living adjustment (COLA) effective in January of each calendar year. The COLA is equal to the annual COLA determined in the County Retirement Plan, subject to a maximum of 5.0% per year.
- b. These retirees will receive this healthcare subsidy until their death, or until the number of years following their retirement from the District equal to their number of years of service with the District, whichever comes first. A chart summarizing the monthly healthcare subsidies for current retirees is below:

Subsidy negotiated per month (2004)	Subsidy* per month (2010)	Last month for benefits	Married when retired
\$360	\$405	July 2025	
\$360	\$405	June 2032	Yes
\$270	\$304	August 2015	Yes
\$360	\$405	October 2035	Yes
\$360	\$405	December 2025	
\$360	\$405	January 2030	

\* The average annual COLA between 2004 and 2010 was about 2% per year

- c. In addition to the negotiated healthcare subsidy, these retirees can be reimbursed up to a maximum of \$500 annually for prescription drugs and out of pocket expenses.
- d. If the retiree was married at the time of retirement and dies before the last month he is entitled to a subsidy from the District (as described in b.), the surviving spouse will be entitled to a one-time lump sum payment from the District. The payment will equal the lesser of the sum of the remaining payments, including healthcare and prescription drug subsidies, and the sum of the payments for 48 months, at the monthly rate in effect at the retiree's death.

## Summary of Retiree Benefit Provisions (Concluded)

Future Retirees: Employees who retire with the District after May 31, 2004 and meet the eligibility requirements defined above will receive both a subsidy toward the cost of their healthcare coverage outside of the District's plans and a reimbursement for the cost of prescription drugs and certain other out-of-pocket expenses. The amount of the subsidy and reimbursement both change at age 65.

- a. Pre-65 healthcare subsidy: The subsidy payable to an individual retiree is decided at the time of retirement. This amount is fixed in the year of his/her retirement, but may be increased upon review every two years. It is equal to (1) a subsidy based on average premium rates as determined by the District Policy Committee and (2) multiplied by a percentage based on years of District service. A surviving spouse is entitled to receive the same contribution the retiree would have received for four years following the retiree's death.
1. The basic healthcare subsidy is established from an average of the employee-only premium rates in 3 health care plans selected by the District Policy Committee which are available to retired employees in San Francisco, San Mateo or Alameda counties. They are intended to vary by age, as in the chart below:

Monthly Subsidy	
2010	
56	\$ 475.00
57	\$ 511.00
58	\$ 511.00
59	\$ 551.00
60	\$ 623.00
61	\$ 641.00
62	\$ 658.00
63	\$ 667.00
64	\$ 681.00
65 & older	\$ 110.50

2. Retirees (regardless of age) receive a percent of the basic healthcare subsidy which varies with their years of District service, as shown below:

Years of District Service	% of Full Subsidy
Less than 10	0%
10 but less than 16	50%
16 but less than 20	75%
20 or more	100%

This percentage applies to all retirees, except for an employee who retires with a service-related disability. The percent applicable to this employee regardless of years of service is 25%.

- b. Post-65 healthcare subsidy: The District provides a subsidy equal to a percentage of the Medicare Part B premium. The percentage payable is based on years of District service at retirement as provided in the Table in a.2. above. This post-65 healthcare subsidy is payable to retirees for the remainder of their lifetime. A surviving spouse is entitled to receive the same contribution the retiree would have

received for four years following the retiree's death. The current Part B premium, as of 2010, is \$110.50.

- c. Prescription drug subsidy: Retirees may be reimbursed up to a maximum of \$500 annually for prescription drug costs and certain other specified expenses until age 65. At age 65, the amount increases to \$1,000 annually. A surviving spouse is not entitled to receive the same contribution following the retiree's death.