

CURRENT RETIREE MEDICAL GRANT

WHAT IS THE CURRENT RETIREE MEDICAL GRANT?

The current Retiree Medical Grant (RMG) is a monthly grant available to an eligible County retiree receiving a monthly retirement allowance from OCERS (Orange County Employees Retirement System).

AM I ELIGIBLE FOR THE CURRENT RMG?

You become eligible for the current RMG if upon retirement from the County you receive a monthly retirement allowance from OCERS AND you have accrued a minimum of 10 full years of County service. If you have not accrued at least 10 full years of County service prior to retirement, you are ineligible for the current RMG. Also, if you are eligible for Medicare, you (and your Medicare-eligible dependents) must be enrolled in Medicare Part B. Further, you must be enrolled in Medicare Part A if you are entitled to Part A coverage at no cost.

IS THE CURRENT RMG PORTABLE?

No. A portable benefit is one that can be used in a wide variety of circumstances under a variety of conditions. The RMG is a limited benefit. To receive a grant under the current RMG you: (a) must be enrolled in a County-sponsored health plan; and (b) may only use the grant to pay premiums for a County-sponsored health plan and (if eligible) Medicare Part A and Part B premiums.

IF MY MONTHLY RMG AMOUNT IS GREATER THAN MY COUNTY-SPONSORED HEALTH PLAN AND MEDICARE PART A AND B PREMIUM COSTS, DO I RECEIVE THE EXCESS AMOUNT IN CASH?

No, any excess amount is forfeited.

HOW IS THE AMOUNT OF MY MONTHLY RMG CALCULATED?

The amount of your monthly RMG is calculated by a formula that multiplies a base grant amount (for 2023, the amount is \$25.37) by your number of full years of County service, up to a maximum of 25 years. For example, if you retire during 2023 and have accrued 27 full years of County service, the amount of your grant would be 25 (maximum number of years of service) x \$25.37 = \$634.25 monthly.

CAN THE AMOUNT OF MY GRANT BE ADJUSTED?

Yes. Your initial grant can be reduced by 7.5% for each year up to five years you retire under age 60 and can be increased by 7.5% for each year up to ten years you retire over age 60. Also, your grant may be increased annually after you begin receiving the grant, up to a maximum COLA of 3%. Finally, your grant is reduced by 50% at age 65.

CAN MY HEIRS INHERIT MY GRANT?

No, but your surviving dependents enrolled in a County-sponsored health plan are entitled to 50% of your benefit for eligible premium costs.

TENTATIVE AGREEMENT CHANGES TO RETIREE MEDICAL GRANT

WHAT CHANGES ARE MADE TO THE RETIREE MEDICAL GRANT UNDER THE TENTATIVE AGREEMENT?

The tentative agreement makes multiple changes to the Retiree Medical Grant program. If you will have at least one year of County service as June 16, 2023, you will have two options:

1. **HYBRID OPTION**—You can opt into and remain eligible for a revised Retiree Medical Grant for up to 25 full years of County service completed prior to June 16, 2023. The value of all years of County service over 25 years completed prior to June 16, 2023, will be credited to your new Health Reimbursement Arrangement account at the rate of \$855 for each full year of County service. Beginning June 16, 2023, the County will begin biweekly contributions to your individual Health Reimbursement Arrangement account. You will have a hybrid post-County service health benefit: (a) the RMG for up to 25 full years of County service completed prior to June 16, 2023; and (b) the Health Reimbursement Arrangement for all County service beginning June 16, 2023 (increased by a credit for any pre-June 16, 2023, County service over 25 years).

OR

2. **HRA-ONLY OPTION**—You can opt out of the Retiree Medical Grant entirely and have the entire cash value of your RMG as of June 16, 2023, contributed to your new individual Health Reimbursement Arrangement account at the rate of \$855 for each full year of County service.

CAN I ELECT TO CONTINUE TO ACCRUE ADDITIONAL YEARS OF SERVICE TOWARDS THE RETIREE MEDICAL GRANT AFTER JULY 2023?

No. Accrual of years of service towards calculation of your RMG is frozen as of June 16, 2023.

I WILL HAVE FEWER THAN 10 YEARS OF SERVICE AS OF JUNE 16, 2023. AM I ELIGIBLE TO ELECT EITHER THE HYBRID OPTION OR THE HRA-ONLY OPTION?

Yes. The RMG program is revised under the tentative agreement so that all employees with one or more full years of County service as of June 16, 2023, will be eligible for the RMG. Therefore, all employees with at least one full year of County service as of June 16, 2023, may elect either option.

IF I ELECT TO OPT OUT OF THE RMG, HOW IS THE AMOUNT CONTRIBUTED TO MY HEALTH REIMBURSEMENT ARRANGEMENT ACCOUNT CALCULATED?

Under the tentative agreement, if you opt out the amount the County will contribute to your new Health Reimbursement Arrangement account will be \$855 for each full year of County service. For example, if you have 5 years of County service, the County will contribute $\$855 \times 5 = \$4,275$. If you have 30 years of County service, the County will contribute $\$855 \times 30 = \$25,650$.

WILL THE BASE GRANT AMOUNT BE ADJUSTED AFTER JUNE 16, 2023?

With one exception, no. Under the tentative agreement all base grant amount adjustments prior to age 65 will be eliminated. The base grant amount will be fixed at the current \$25.37 for all years of service until age 65. At age 65, your RMG will still be reduced by 50% as under the current RMG.

WILL THE BASE GRANT AMOUNT BE ADJUSTED BASED ON MY AGE AT RETIREMENT?

No. The current 7.5% per year adjustments based on retirement age will be eliminated. Your RMG will not be reduced by 7.5% if you retire prior to age 60 and will not be increased by 7.5% if you retire after age 60.

WILL THE GRANT STILL BE REDUCED BY 50% AT AGE 65?

Yes. For example, if you reach age 65 and have 32 full years of County service, your RMG at age 65 will be 25 (maximum number of years of service) \times \$25.37 (frozen base grant amount) = \$634.25, reduced by 50% = \$317.13.

TENTATIVE AGREEMENT NEW INDIVIDUAL HEALTH REIMBURSEMENT ARRANGEMENT

WHAT IS A HEALTH REIMBURSEMENT ARRANGEMENT?

A Health Reimbursement Arrangement (HRA) is an IRS-approved, County-funded, individual account through which you can be reimbursed for any IRS-qualified out-of-pocket medical expense after separation from the County.

WHEN WILL THE COUNTY BEGIN CONTRIBUTING TO MY NEW HRA ACCOUNT?

The County will begin contributions to your new individual HRA account beginning June 16, 2023 (or beginning the pay period you attain one full year of County service if you have less than one full year of County service as of June 16, 2023). You must be employed by the County for one full year to be eligible.

HOW MUCH WILL THE COUNTY CONTRIBUTE TO MY ACCOUNT?

The County will initially contribute \$60 per pay period to your HRA (\$1,560 annually). Beginning the first full pay period in July 2024 and continuing the first full pay period in July each year thereafter, the County's contribution will increase by 2.5%. For example, in five years the County contribution to your account will be \$67.88 per pay period, a cumulative County contribution increase of 13.13%. In ten years, the County contribution to your account will be \$76.80 per pay period, a cumulative County contribution increase of 28.02%.

CAN I MAKE CONTRIBUTIONS TO MY HRA ACCOUNT?

No. Only the County can make contributions.

WILL ANYTHING BE DEDUCTED FROM MY PAYCHECK FOR THIS BENEFIT?

No. The County makes all contributions to your HRA account, and nothing is deducted from your paycheck.

DO I NEED TO RETIRE AND HAVE 10 YEARS OF COUNTY SERVICE TO BE ELIGIBLE TO USE MY HRA ACCOUNT FUNDS?

No. Unlike the current Retiree Medical Grant, eligibility does not require that you retire and requires only one year of County service.

WHEN CAN I USE THE FUNDS IN MY ACCOUNT?

You can use your funds as soon as you separate from County service (following at least one year of County service).

ARE MY BENEFITS PORTABLE?

Yes. Your account funds do not have to be used with County-sponsored health plans and are available worldwide.

ARE MY BENEFITS FLEXIBLE?

Yes. Benefits can be used for health premiums, deductibles, copayments, and any other out-of-pocket medical expense that qualifies under Internal Revenue Code Section 213(d) (except direct long-term care).

HOW ARE MY FUNDS INVESTED?

You direct the investment of your funds by selecting from a wide range of investment funds, including retirement date target funds, stable value funds, bond funds, and various equity funds.

CAN MY HEIRS INHERIT MY ACCOUNT BALANCE?

No. However, your covered dependents are entitled to use 100% of your account balance for eligible benefits.