



Santa Clara County Office of Education

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County Superintendent of Schools

Informational Bulletin

For Santa Clara County Districts

District Business & Advisory Services

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Cathy McKim, Manager-DBAS: 408-453-6588

Bulletin: 12-096

Date: January 26, 2012

To: District Fiscal Directors
District Payroll and Human Resource Directors

From: Cathy McKim

Re: Medicare Premium Payment Program Retirement Deadline June 30, 2012

The purpose of this bulletin is to notify you of the deadline outlined in the CalSTRS Employer Information Circular Volume 27; Issue 6, dated December 28, 2011. The intent of this circular is to provide you with information regarding the retirement deadline for certificated employees to participate in CalSTRS Medicare Premium Payment (MPP) Program of June 30, 2012.

Background Information:

CalSTRS Medicare Premium Payment Program

The MPP Program pays the Medicare Part A (hospital insurance) premiums for eligible retired members of the CalSTRS Defined Benefit Program who would otherwise be responsible for paying their own monthly premiums. ***This program will not be available to members who retire on or after July 1, 2012.***

Due to Defined Benefit Program underfunding, the Teachers' Retirement Board does not currently have the authority to extend the MPP Program. However, once the plan becomes fully funded, the board may elect to extend the program in the future to those who retire on or after July 1, 2012.

Most CalSTRS members will earn Medicare premium-free Part A, either because they have been paying the Medicare tax for 10 or more years, or through the employment of a spouse or former spouse who paid the tax; however, whether or not a member is subject to Medicare Tax depends, in part, upon the date of hire.

For complete program details and member eligibility; please see the attached document.

Please share this information as deemed appropriate.

Employer Information Circular

Volume 27; Issue 6

December 28, 2011

Medicare Premium Payment Program Retirement Deadline June 30, 2012

The purpose of this circular is to provide you with information regarding the retirement deadline for your certificated employees to participate in CalSTRS Medicare Premium Payment (MPP) Program of June 30, 2012. We are sending this information to help our members make an informed choice as the majority of active CalSTRS members are not aware of the provisions of Medicare or are not sure whether they will be responsible for their Part A premiums. You should consider sharing this information with your affected employees through your own communication channels.

CALSTRS MEDICARE PREMIUM PAYMENT PROGRAM

The MPP Program pays the Medicare Part A (hospital insurance) premiums for eligible retired members of the CalSTRS Defined Benefit Program who would otherwise be responsible for paying their own monthly premiums. This program will not be available to members who retire on or after July 1, 2012.

Due to Defined Benefit Program underfunding, the Teachers' Retirement Board does not currently have the authority to extend the MPP Program. However, once the plan becomes fully funded, the board may elect to extend the program in the future to those who retire on or after July 1, 2012.

Most CalSTRS members will earn Medicare premium-free Part A, either because they have been paying the Medicare tax for 10 or more years, or through the employment of a spouse or former spouse who paid the tax.

Whether or not a member is subject to the Medicare tax depends, in part, upon the date of hire.

CalSTRS members who **were hired prior to April 1, 1986**, were not initially subject to the Medicare tax. They became subject to the Medicare tax if:

- He or she switched employers after that date

And

- The district held a Medicare Division election (administered by CalPERS) and the member voted "yes"

CalSTRS members who **were hired on or after April 1, 1986**, are automatically subject to the Medicare tax and can earn Medicare Part A in their own right after 10 years of Medicare-covered employment.

(Continued . . .)

Members who meet all of the following criteria should contact us to learn more about the MPP Program.

- Are eligible to retire by June 30, 2012
- Do not qualify for premium-free Part A either through their own employment or that of their spouse or former spouse
- Started working for your district prior to April 1, 1986

To get a quick determination of whether basic eligibility criteria are met, use the online self-serve eligibility tool available at CalSTRS.com/MPPP_tool

Updates regarding the MPP Program will be posted on CalSTRS.com. Also look for more information in the spring 2012 issue of *Connections*.

MEDICARE DIVISION ELECTIONS

Eligibility for the MPP Program depends upon whether an election was held by your district, and if so, when it was held. Members may also want to know how they voted if your election was held after January 1, 2001, because their eligibility may depend upon whether they voted “yes.”

Refer to the attached Medicare Division Report (also available at CalSTRS.com), if members have questions about the results of your district or County Office of Education Medicare Division election or whether an election occurred. Find your district’s division election information, and refer to the scenario below that describes your situation:

If your district held a division election prior to January 1, 2001:

Elections initiated prior to January 1, 2001, but completed after that date, are considered pre-2001 elections.

All your employees who were hired prior to April 1, 1986, and who have not earned premium-free Medicare coverage in their own right through other employment or through a spouse, are eligible for the MPP Program regardless of how they voted.

If your district held a division election after January 1, 2001:

Your employees may be eligible for the MPP Program, depending upon how they voted in the election.

If the employee voted “yes” or was 58 or older at the time of the election and has not earned premium-free Medicare coverage in their own right through other employment or through a spouse, he or she is eligible.

If the employee was under age 58 and voted “no,” or did not return a ballot, he or she is not eligible.

If your district did not hold an election:

If the election was waived due to a district merger or other special circumstance that entailed your district's employees becoming subject to the Medicare tax without holding the election:

Your employees may be eligible for the MPP Program.

If you have not held an election and you do not have a special circumstance as described above:

Your employees are not eligible for the MPP Program.

According to CalPERS, the process of requesting and holding an election takes approximately one year. However, if all required timelines are strictly adhered to, it's possible that your division date could occur prior to July 1, 2012, if you request an election immediately. However, eligibility would only extend to those who vote yes and retire up to 10 days before the division date that occurs before July 1, 2012.

Holding an election would also give your employees hired prior to April 1986 the opportunity to begin paying the Medicare tax and, after 10 years of Medicare-covered employment, earn a Medicare premium-free Part A in their own right.

CalSTRS is not authorized to give tax advice. If you have questions on Medicare tax, consult your tax advisor or the Internal Revenue Service. Email SocialSecurity@CalPERS.ca.gov if you are interested in learning more about the Medicare Division Election process.

**CalSTRS Medicare Division Report
As of April 1, 2008**

Retired prior to January 1, 2001

Medicare Division Results are not used to determine CalSTRS MPP Program eligibility.

Retired between January 1 and December 31, 2001

Retired from a district that has either completed or was in the process of conducting a Medicare Division. If you retired from a district that was in the process of completing the Medicare Division you must have retired after the Board Resolution date and meet all the other eligibility requirements in order to be eligible for the CalSTRS MPP Program.

Retiring between January 1, 2002 and June 30, 2012

Retire from a district that has either completed or is in the process of conducting a Medicare Division. If you retire from a district that is in the process of completing the Medicare Division you must retire after the Division Date and meet all the other eligibility requirements in order to be eligible for the CalSTRS MPP Program. If under age 58 at the time of election, you must have voted yes.

Santa Clara County School Districts

*Election Y=Yes Division Completed, N=Division Not Completed, A=Election Not Needed due to Special Situation					
		Election*	Board Resolution Date	Division Date	Federal Approval Date
43104	Alum Rock Union Elementary	Y			11/1/1992
43107	Berryessa Union Elementary	Y			6/1/1995
43108	Cambrian Elementary	Y			12/1/1990
43109	Campbell Union Elementary	Y			12/1/1990
43110	Cupertino Union	Y			11/1/1991
43112	Evergreen Elementary	Y			6/1/1995
43113	Franklin-McKinley Elementary	Y			12/1/1991
43117	Lakeside Joint	N			
43119	Loma Prieta Joint Union Elementary	Y			12/1/1991
43120	Los Altos Elementary	Y			1/1/1992
43121	Los Gatos Union Elementary	Y			12/1/1992
43122	Luther Burbank	Y	5/11/2004	9/20/2004	12/13/2004
43125	Montebello Elementary	A			
43126	Moreland Elementary	Y			12/1/1991
43128	Mt. Pleasant Elementary	Y			12/1/1991
43129	Mountain View-Whisman School District	Y			4/1/1993
43130	Oak Grove Elementary	Y			12/1/1992
43131	Orchard	Y			9/1/1993
43136	Saratoga Union Elementary	Y			12/1/1990
43137	Sunnyvale Elementary	Y			11/1/1991
43139	Union Elementary	Y			12/1/1993
43151	Campbell Union High	Y			12/1/1990
43152	East Side Union High	Y			12/1/1993
43153	Fremont Union High	Y			12/1/1992
43156	Los Gatos-Saratoga Joint Union	Y			12/1/1991
43157	Mountain View-Los Altos Union	Y			12/1/1990
43171	Foothill De Anza Community College	Y	6/17/2002	2/18/2003	8/6/2003
43172	Gavilan Joint Community College	Y			11/1/1991
43175	West Valley-Mission Community College	N			
43176	San Jose Evergreen Community College	Y			11/1/1992
43181	Palo Alto Unified	Y			12/1/1990
43182	San Jose Unified	Y			12/1/1990
43183	Gilroy Unified	Y			12/1/1991
43184	Morgan Hill Unified	Y			11/1/1994
43185	Milpitas Unified	Y			12/1/1993
43188	Santa Clara Unified	Y			10/18/1993
43190	Santa Clara County Superintendent	Y			11/1/1992