January 2014

HEALTHCARE REFORM UPDATE

Dear LACERA Member:

Several key provisions of the Patient Protection and Affordable Care Act took effect January 1, 2014. These provisions include the introduction of public Health Insurance Marketplaces or “Exchanges,” the opportunity to secure federal subsidies toward coverage, and the requirement for most Americans to have health insurance or face a tax penalty.

In general, these changes are intended to provide access to affordable healthcare coverage to those without health insurance.

As a County retiree, the LACERA-administered Retiree Healthcare Benefits Program provides you and your eligible dependents access to comprehensive group-based healthcare coverage, with premium subsidies for those who qualify. The County subsidizes 100% of the premium costs for members who retired with 25 years or more of service credit and are enrolled in a LACERA-administered health plan that does not exceed the benchmark plan rate (Anthem Blue Cross Plans I and II for medical and Cigna PPO for dental/vision).

Beneficial for Most to Continue in a LACERA-Administered Health Plan for 2014

Enrollment in a LACERA-administered health plan satisfies your 2014 federal coverage requirement and thus allows you to avoid a tax penalty. As a result, most retirees will find it makes sense to continue participating in a LACERA-administered health plan for 2014. Generally, if you are enrolled in a LACERA-administered health plan and the County is currently paying 100% of the premium costs for you and your eligible dependents, it is likely it will be beneficial for you to continue coverage under a LACERA-administered health plan versus moving to a state or federal Exchange.

Those eligible for Medicare are not eligible for coverage or federal healthcare subsidies through the public Health Insurance Marketplaces. Therefore, if you are eligible for Medicare, it probably makes sense for you to remain in a LACERA-administered health plan, as well.

Review Coverage Options to Determine Your Best Course of Action

Some retirees and eligible dependents not eligible for Medicare may find it preferable to disenroll from the LACERA-administered health plan and enroll in individual market coverage offered on a public Health Insurance Marketplace.
If you are a retiree who currently receives a limited premium subsidy from the County and therefore pays relatively high premium rates for your LACERA-administered health plan, you may qualify for a federal healthcare subsidy through the new Marketplace, or find lower-cost coverage through the Marketplace. Review the coverage options and costs available through the new Marketplace to determine whether to enroll in Marketplace coverage or continue with your LACERA-administered health plan.

If you are not eligible for Medicare and are considering the coverage options through the new Marketplace, please note the following:

- **Carriers, plan designs, and premium requirements will vary.** A variety of insurance companies offer coverage through the new Marketplace under a variety of plan designs, with a variety of premium requirements. Study these factors carefully to understand the specific benefits and costs associated with these plans and to evaluate them relative to your LACERA-administered health plan.

- **Determine whether your doctors, preferred hospitals, and other healthcare providers participate in the Marketplace plans you are considering.** In order to control costs, many of the plans available on the Marketplaces offer limited provider networks and pay reduced/no benefits should you use a non-network provider. It’s important to know if your doctors participate in a plan before you decide to enroll in that plan.

- **Federal subsidies are available for those who qualify; subsidies can significantly reduce your cost of coverage available on the Marketplaces.** Federal subsidies are intended to make coverage more affordable for those with limited incomes. Tools are available through the Marketplaces to help you understand whether you will qualify for a federal subsidy and, if so, the amount of the subsidy.

- **Retirees covering dependents eligible for Medicare need to understand the impact on their dependents of enrolling in Marketplace coverage.** Only those who are not eligible for Medicare can enroll in Marketplace coverage. Disenrolling from LACERA group coverage will terminate LACERA coverage for all members of your family, including those eligible for Medicare. It’s important to understand how your enrollment in Marketplace coverage will impact your covered dependents.

- **If you drop coverage, the LACERA program includes a six-month waiting period for medical before you can reenroll.** If you are currently enrolled in a LACERA-administered health plan and decide to disenroll from the plan, you will be subject to the six-month waiting period before you can reenroll. For these reasons, we encourage you to educate yourself on the choices available to you before making any changes to your current group plan coverage.
Below is a summary of eligibility and healthcare plan options for you to consider.

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<tr>
<th>Eligibility</th>
<th>Healthcare Plan Options</th>
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<tr>
<td>Not Eligible for Medicare</td>
<td>You will be able to enroll for medical coverage through a state or federal Exchange (not all states offer an Exchange). (California offers a health benefit exchange, called Covered California.) If you are not yet eligible to enroll in Medicare or a LACERA-administered health plan, you have the option to buy health insurance coverage through your spouse’s or your domestic partner’s employer’s plan or through the Marketplace. You and/or your eligible dependents may also be eligible for coverage through your state’s Medicaid/CHIP program. (Expanded coverage on California’s Medicaid program, Med-Cal, began January 1, 2014.)</td>
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<td>Medicare Eligible</td>
<td>You can enroll for coverage through a LACERA-administered health plan or through an individual Medicare Advantage, Medicare Part D, or Medigap plan available on the open market. These individual plans are not available on the state or federal Exchanges.</td>
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If you were eligible for LACERA coverage when you retired but declined to enroll, or were previously covered by a LACERA-administered health plan and dropped your coverage, you will be eligible for LACERA-administered coverage six months after LACERA receives your enrollment form.

If you are currently enrolled in a LACERA-administered health plan and want to continue coverage through a LACERA-administered health plan, you do not need to take further action.

For questions regarding the public Health Insurance Marketplaces, below is the contact information:

- For more information, visit www.CoveredCA.com or call (888) 975-1142.
- To find out if your state has established a healthcare Marketplace, or if the federal healthcare Marketplace is offered instead, visit www.kff.org/state-health-exchange-profiles.
- To determine if you and your family qualify for free or low-cost health insurance coverage through Medicaid or CHIP, visit www.HealthCare.gov or www.Medicaid.gov.
For questions regarding LACERA Retiree Healthcare, please contact the Retiree Healthcare Division at:

   Telephone:  (800) 786-6464 and press 1, or (626) 564-6132 to speak with a LACERA Retiree Healthcare Benefits Specialist.

   Email: You may also email us at healthcare@lacera.com or visit www.lacera.com.

LACERA will continue to provide you with the latest updates on how healthcare reform may affect your LACERA-administered health plan.

Sincerely,
Retiree Healthcare Division