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SDCERA

Supporting The  
Membership

Fall 2005  
October/November  
December

# NEWS

SAN DIEGO COUNTY EMPLOYEES RETIREMENT ASSOCIATION

## New Medicare Part D requires no action for members enrolled in an SDCERA Medicare health plan

If you are a retired member enrolled in an SDCERA Medicare health plan, you will not need to enroll in Medicare Part D, the new voluntary prescription drug benefit that will become effective on January 1, 2006.

Medicare Part D will, however, be offered through Medicare and available to any person eligible for Medicare. If you are not yet eligible for Medicare, the new program will not affect you.

Over the next several months, SDCERA expects you will receive information about Medicare Part D from the Centers for Medicare and Medicaid Services (CMS) and from health plan providers offering private Medicare Part D plans. Below are several key points that are important for SDCERA members to understand:

### **1. Members enrolled in SDCERA Medicare health plans will use their plan's prescription drug coverage and thus do not need to enroll in Medicare Part D.**

If you are currently enrolled in an SDCERA Medicare health plan—PacifiCare Medicare Supplement; Health Net Medicare HMO; Health Net Seniority Plus; Kaiser M Coverage; Kaiser Senior Advantage or Secure Horizons—or if you plan to enroll in a plan during Open Enrollment, you will continue to receive the same coverage you have now and do not need to make any changes regarding the new Medicare Part D program. You have prescription drug coverage as part of your SDCERA medical plan; therefore a separate Medicare Part D plan would not provide any additional benefits.

### **2. Medicare-eligible members not enrolled in an SDCERA Medicare health plan will need to make decisions about Medicare Part D.**

If you are enrolled only in Medicare, and/or an outside Medicare supplement plan (other than an

SDCERA plan) you will want to review the information you receive about Medicare Part D from both Medicare and your health care provider. If you have a Medicare supplement plan, SDCERA recommends you contact your current health care provider to determine if and how Medicare Part D will affect your prescription drug benefits.



### **3. If you are enrolled in an SDCERA Medicare plan, you will not be penalized if you choose to enroll in Medicare Part D at a later date.**

Some materials you receive about Medicare Part D may state that you can be penalized if you do not enroll in Medicare Part D soon. However, as long as you have prescription drug coverage through an SDCERA plan, you will not be penalized if you enroll in Medicare Part D at a later date. You will receive a Notice of Creditable Coverage letter, which you should retain for future proof of coverage.

### **4. SDCERA will continue to provide you with information on Medicare Part D.**

In the coming months, SDCERA will continue to provide you with information about Medicare Part D; information will be included in your Open Enrollment materials, and the SDCERA web site will continue to provide updated information as well. Also, visit the Medicare web site at [www.medicare.gov](http://www.medicare.gov).

## SDCERA Retiree Health Fair set for November

SDCERA will host a Health Fair in November for all retired members. The health fair will feature a variety of exhibits, interactive demonstrations and health screenings, including body fat, blood pressure testing and more. Retired members will receive information on the date, time and location of the health fair in their Open Enrollment packets in early November.

## Have you received your Annual Member Statement?

The 2005 Personalized Annual Member Statement was mailed to active and deferred members in the month of September. The statement is an excellent resource for tracking your personal SDCERA retirement account, as well as providing key, up-to-date information about your service credit balance, member contributions, benefit estimates and more. It also provides easy-to-read tips in the “*Did you know*” and “*Additional information*” sections, including the addition of Estate Planning Seminars.

A sample illustration of the statement’s personalized section is available on the SDCERA web site ([www.sdcera.org](http://www.sdcera.org)) in the News and Events section. The sample provides an expanded explanation of the inside blue area, to help members better understand and utilize this valuable information.



If you are an active, deferred or inactive (not yet retired) member and have not received a statement or related letter by the end of September, please contact the SDCERA Call Center for assistance.

## Resources for questions about your retiree health plan

With Open Enrollment coming soon, it’s important that retired members know who to contact (or whose materials to refer to) for specific questions about their SDCERA retiree health plans.

Many questions about your SDCERA health plan actually need to be answered by your health plan provider, rather than SDCERA. Below are some of the most common topics members have questions about; be sure you select the right resource to have your questions answered efficiently.

### Contact to your health care provider for information about:

- Procedures covered under your plan
- Which doctors or dentists are in your network
- What pharmacies you can use
- Your deductibles and/or co-pays
- Your share of cost
- Questions about your medical bill

### Contact SDCERA for information about:

- Open Enrollment and SDCERA health plans
- Your SDCERA Health Allowance
- The Health Insurance Reimbursement program

### In addition:

- Contact RESDC for information on the RESDC Safeguard dental plan—(619) 688-9229 (RESDC) or 800-511-9065 (Pacific Group Agencies)
- Contact Employee Benefits for information on COBRA—(619) 236-2203
- Contact Medicare for questions about Medicare benefits—(800) 633-4227

# Annual Open Enrollment

## SDCERA's Health Insurance Program for retirees

*Open Enrollment for SDCERA's Health Insurance Program for retired members will be held November 1, 2005 through November 30, 2005.*

Open Enrollment is the time that retired members may make changes to their existing health coverage, such as adding dependents or enrolling in an SDCERA plan for the first time. Retired members will receive an Open Enrollment

packet in the mail during the first week of November. All SDCERA plans available in 2005 will be offered in 2006; the rates listed on the following charts reflect both increases and decreases in the various plan premiums.

Although minimal, some changes in coverage also apply; for detailed information on these specific changes, review the Open Enrollment information that will be posted on the web site in November.



## 2006 Medical and dental plan rates

### Medical plans for members not eligible for Medicare (generally members under age 65) Rates are per person, per month

Health Net HMO	\$519.83
Kaiser Permanente HMO	\$464.00
PacifiCare HMO	\$569.22
PacifiCare PPO*	\$655.20

\*This is the only SDCERA plan available to California residents as well as nonresidents.

### Dental plans and rates Rates are per person, per month

CIGNA Dental Care	\$16.00
Delta Dental DPO	\$33.38

### Medical plans for members eligible for Medicare (generally members age 65+) Rates are per person, per month

Health Net HMO	\$218.70
Health Net Seniority Plus	\$186.20
Kaiser Permanente Senior Advantage	\$191.06
PacifiCare Medicare Supplement*	\$252.24
PacifiCare Secure Horizons	\$177.85

\*This is the only SDCERA plan available to California residents as well as nonresidents.

Note: The monthly rate per person for Kaiser Permanente "M" coverage is \$516.04, effective January 1, 2006. Kaiser Permanente has closed this plan to new enrollment. If you are currently enrolled in this plan, you may continue your enrollment or select a new plan.

## Using your health allowance toward premium costs

If you have 10 or more years of SDCERA service credit, you are eligible for a health allowance. Reciprocal service credit and purchased service credit from work in a prior public agency do not count toward the service credit necessary to be eligible for the allowance.

The allowance may only be used to help offset the cost of your health insurance and/or dental insurance premium. You may use the allowance either toward an SDCERA plan, or as a reimbursement toward health insurance premium(s) you obtain outside of an SDCERA plan.

The health allowance is not a vested SDCERA benefit and thus is not guaranteed; rather, the Board of Retirement annually determines whether to continue the health allowance.

The amount of your allowance is determined by your years of service credit. Members not yet eligible for Medicare, with at least 10 years of SDCERA service credit, are eligible for the minimum allowance, which increases with each additional year of service credit; the maximum allowance is available for members with 20 or more years of service credit. Once you become eligible for Medicare and if you have 10 or more years of SDCERA service credit, your allowance will be \$300. See the chart at the right to determine your allowance.

Members with 10 or more years of SDCERA service credit who were granted a disability retirement and determined to be totally disabled are eligible for the maximum allowance. Members with less than 10 years of service credit who were granted a disability retirement and determined to be partially disabled are eligible for the minimum allowance. (If you have more than 10 years of service credit, use the chart to determine your allowance.)

### Health allowance for non-Medicare and Medicare-eligible retirees

Years of SDCERA service credit*	Monthly allowance for members not enrolled in Medicare (generally under age 65)	Monthly allowance for members enrolled in Medicare (generally age 65+)
Less than 10	\$0	\$0
10	\$200	\$300 allowance for members eligible for Medicare, with 10 or more years of SDCERA service credit.  The cost of your Medicare Part B** premium (\$88.50 per month for 2006) will be reimbursed in addition to the allowance.
11	\$220	
12	\$240	
13	\$260	
14	\$280	
15	\$300	
16	\$320	
17	\$340	
18	\$360	
19	\$380	
20 or more	\$400	

\*Members who retired on or before 9/30/91 may be eligible for the maximum allowance.

\*\* Proof of coverage is required.

### How to calculate your medical costs:

1. Add the rates together for the medical plan and/or dental plan you select for your own individual coverage.
2. Subtract your allowance from that number to get the net cost of your coverage.
3. Add to that net cost any rates for spouse/family coverage you choose.
4. The result is your total monthly cost.

# Health Insurance Reimbursement guidelines

## (for members enrolled in plans not offered by SDCERA)

Members who elect a non-SDCERA medical and/or dental plan—through another employer, insurance company, the military or any other group—may receive a reimbursement if they are eligible for a health allowance. If eligible, you will need to request a reimbursement; SDCERA will reimburse you monthly, up to your maximum allowance or the cost of your premium, whichever is less. Reimbursement does not include annual deductibles, copayments, dependent premiums, Medicare Part B premiums or long-term custodial care. The steps for requesting a reimbursement are as follows:

### Step 1: Enroll in a health and/or dental plan other than an SDCERA plan.

### Step 2: Submit a Health Insurance Reimbursement request form.

Members complete the Health Insurance Reimbursement request form, available in the back of the *Health Insurance Program* booklet or from SDCERA. The form requires specific information about your health plan and out-of-pocket expenses. Review the diagram below to understand the information needed in this section:

The diagram shows two sections of the form with callouts:

**SECTION 1: EVENT TYPE** (make only one selection):

- Initial request (available at any time throughout the year)
- Change existing plan or premium amount (available at any time throughout the year)
- Open Enrollment annual (re-application requirement) (submit only during Open Enrollment held in November)

**SECTION 3: PLAN INFORMATION**

**Medical plan information**

Medical plan name \_\_\_\_\_  
(i.e. PacifiCare, Kaiser, TriCare, etc.)

Are you the policy holder or dependent?  
 Policy holder     Dependent

Policy effective date, or the date this coverage begins \_\_\_\_\_

Monthly premium you pay for this medical plan \$ \_\_\_\_\_

Does this monthly premium include money paid to cover dependents?  
 Yes, as follows:     No

My cost \$ \_\_\_\_\_

My dependent's cost \$ \_\_\_\_\_

Total cost \$ \_\_\_\_\_

Is this a COBRA plan purchased through the County of San Diego?  
 Yes (You do not need to attach additional verification to this form.)  
 No (You must attach additional verification to this form. Refer to the instructions for verification requirements.)

**Callouts:**

- An arrow points from the "Open Enrollment annual" option in Section 1 to the text: "Remember, even if you are already receiving a reimbursement **you must submit a request form each year**, during Open Enrollment, regardless of whether or not you make changes to your health coverage."
- An arrow points from the "Monthly premium you pay for this medical plan" field in Section 3 to the text: "This amount must reflect the amount you pay for your individual monthly premium only; if any dependents are also covered under this plan, you will need to request an itemized statement from your insurance plan that indicates the individual monthly premium cost for you only."
- An arrow points from the "No" option in the COBRA question in Section 3 to the text: "If you enroll in an outside (non-SDCERA) medical and/or dental plan (other than COBRA through the County of San Diego) you must submit additional verification. See the Health Insurance Reimbursement form for verification requirements."

### Step 3: Submit verification of outside plan premiums and coverage.

Unless you enroll in a plan offered through COBRA from the County of San Diego, you must submit annual verification of your plan's premiums, proof of coverage and proof of payment. Further details on verification requirements are available in the *Health Insurance Reimbursement* fact sheet. Please review these details carefully; your reimbursement request will not be processed until SDCERA receives the completed form and any required verification. If your reimbursement request form is not processed due to missing information and you have begun paying for your health coverage, SDCERA will not retroactively reimburse you for these costs. Remember, SDCERA will only reimburse you in the month (and the months thereafter) that your HIR request form and supporting documents are received.

## Tips on staying healthy during cold and flu season

Fall marks the beginning of cold and flu season. Although there are no known cures for colds or the flu, here are some tips to help you avoid them.

**1. Wash your hands often**—Most cold and flu viruses are spread by direct contact. Someone who has a cold or the flu sneezes onto their hand, and then touches the telephone, the keyboard, or a door knob. Germs can live for hours, and in some cases weeks— so wash your hands often.

**2. Don't cover sneezes and coughs with your hands**  
Because germs and viruses cling to your bare hands, muffling coughs and sneezes with your hands results in passing along your germs to others. Use a tissue to cover your mouth or nose, then throw it away immediately. If you don't have a tissue, turn away from people near you and cough into the air.

**3. Don't touch your face**—Cold and flu viruses enter your body through the eyes, nose, or mouth. Most people catch colds by touching their faces.

**4. Drink plenty of fluids**—Water flushes your system, washing out the poisons as it rehydrates you. A typical, healthy adult needs eight 8-ounce glasses of fluids each day.

**5. Get fresh air**—A regular dose of fresh air is important, especially in cold weather when central heating can dehydrate you and make your body more vulnerable to cold and flu viruses. Also, during cold weather more people stay indoors, which means more germs are circulating in crowded, dry rooms.

**6. Stay active**—Regular exercise speeds up the heart to pump larger quantities of blood, makes you breathe faster to help transfer oxygen from your lungs to your blood and makes you sweat once your body heats up. Exercise increases your body's ability to fight off germs.



**7. Eat fresh fruits and vegetables daily**—The natural chemicals in fresh fruits and vegetables provide the vitamins you need to strengthen your immune system. Eat dark green, red, and yellow vegetables and fruits.

**8. Cut alcohol consumption**—Alcohol actually dehydrates the body, taking more fluids from your system than it puts in.

**9. Don't smoke**—Smokers get more frequent and severe colds than non-smokers. Secondhand smoke can negatively affect the immune system as well. Smoke dries out nasal passages and destroys the small hairs that propel germs out of your nose and lungs.

**10. Get a flu shot**—A vaccine against colds hasn't been developed but the flu vaccine remains the best way to prevent and control the flu. Talk to your health care provider about getting a flu shot.



# Answers to Frequently Asked Questions

## I am a relatively new member of SDCERA and have a question: what does being “vested” actually mean?

Vesting is the non-forfeitable right to receive a lifetime retirement benefit from SDCERA. Generally, members become vested when they accumulate five years of SDCERA retirement service credit (including reciprocal). Unlike other types of retirement plans, there is no partial vesting” in the SDCERA retirement system.

If you leave employment after you have five years of service credit—and thus as a vested member—but before you are eligible for retirement, your contributions will remain in your member account and you will be placed in deferred status. You would be eligible to begin receiving a retirement benefit at the same time and at the same age that you would have been eligible had you remained in County service and continued earning service credit (generally a minimum of 10 years and at age 50). If you leave County service after five years but choose to withdraw your member contributions, you are no longer vested, no longer a member of SDCERA and are no longer eligible for a retirement benefit.

## I am a deferred member and have left my contributions in the retirement fund. Will my balance change or stay the same?

While you are in deferred status, your member contribution account continues accruing interest twice each year, in June and December. Currently, the interest rate that is posted is 8.25%; however, the Board of Retirement sets the plan’s assumed interest rate each year based on long-term investment returns.

## I plan to enroll in the Cal-COBRA extension program. What does SDCERA need from me?

Once you enroll in Cal-COBRA (an extension of COBRA) through your carrier, you then need submit a new Health Insurance Reimbursement request form. Cal-COBRA is a separate plan from COBRA and managed by your medical provider. You must, therefore, submit a new reimbursement request form because your health coverage has changed (from COBRA to Cal-COBRA) and SDCERA must have the new plan information and reimbursement amounts.

Published for members of the San Diego County Employees Retirement Association

Member comments and suggestions should be directed to Robyn Bullard, Communications Officer.

E-mail: [communications@sdcera.org](mailto:communications@sdcera.org) or contact:

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Warren L. Gibson II

(alternate Board member)

E.F. “Skip” Murphy

(alternate retired Board member)

### Retirement Board Meetings

First Thursday of each month at the SDCERA office Board Room, 14th Floor, 8:30 a.m.

October 6, November 3, December 1

### Investment Board Meetings

Third Thursday of each month at the SDCERA office Board Room, 14th Floor, 8:30 a.m.

October 20, November 17, December 15

### Electronic Deposit Retirement Payment Dates

October 31; November 30; December 30

### SDCERA holidays (office closed)

November 24, 25;

December 26; January 2

SDCERA makes every effort to meet the retirement payment schedule; however, please verify with your financial institution that each deposit has been made to your account.

This newsletter provides disclosure of certain terms and conditions of SDCERA membership and benefits available to members. It is designed to give you this information as simply and as accurately as possible as of the date of publication. SDCERA is governed by the County Employees Retirement Law of 1937 (Government Code Section 31450 et. seq.) as it has been adopted and implemented by the San Diego County Board of Supervisors and the SDCERA Board of Retirement. If there is any inconsistency between this newsletter and the governing law, the law will govern. Decisions relating to the plan will be made after reference to the statutes and any resolutions, regulations and policies governing administration of SDCERA as they exist at the same time of the decisions.



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**INVESTMENT REPORT**

**Board votes on excess earnings policy**

At the September 1 Board of Retirement meeting, the Board discussed and subsequently voted on whether to adopt a proposed policy that sought to amend how the excess earnings of the retirement fund are allocated.

The Board voted not to adopt the proposed policy, which specified when excess earnings would and would not be allocated to the health benefits and STAR COLA reserves based on the funding ratio of the retirement fund. The Board will continue to utilize the current policy, which requires that it annually revisits how the excess earnings from each year will be allocated.

For fiscal year 2004-2005, the Board voted to allocate an additional year of funding to the STAR COLA reserve, using a portion of the excess earnings, and thus increasing the reserve to five years; the health benefits also have a five-year reserve. The majority of the excess earnings were applied to the pension fund.

Excess earnings are the earnings from the fund that remain after interest has been posted, and after a 1% contingency reserve has been

met. Historically, excess earnings have been used to fund the ancillary health benefits and STAR COLA.

The Board also voted unanimously to work throughout the next year with the plan's stakeholders, in an effort to develop ideas and suggestions on sustaining the funding of these benefits into the future. SDCERA will keep its members apprised of future developments on these important issues.

**Returns for 2nd Quarter 2005 (net of fees)**

<b>SDCERA RETURNS</b>	<b>2nd quarter</b>	<b>1 Year</b>	<b>3 Year</b>	<b>5 Year</b>
<b>Total fund</b>	<b>2.8%</b>	<b>13.9%</b>	<b>12.8%</b>	<b>4.7%</b>
Domestic equities	2.3%	8.5%	9.7%	0.7%
S&P 500 Domestic Benchmark Indices	1.4%	6.3%	8.3%	-2.4%
International equities	1.6%	21.2%	16.9%	2.8%
Citigroup PMI - International Benchmark Indices	-0.3%	15.6%	13.1%	0.2%
Fixed Income	2.5%	12.1%	10.6%	8.2%
Lehman Aggregate - Fixed Income Benchmark Indices	3.0%	6.8%	5.8%	7.4%

*Total assets under management as of June 2005 were \$6,345,330,000.*