

COMPARISON BETWEEN MEDICARE AND CLASS 1 HEALTH INSURANCE COSTS FOR ELIGIBLE GOVGUAM RETIREES

A. Key Assumptions:

Part A Premiums		Other Assumptions	
Quarters	Premium		
40	-	No. of retirees & survivors under Class 1 - GovGuam Health Insurance	2,475 ^{/6}
30-39	248.00	No. of retirees and survivors (65 and over)	3,820 ^{/7}
<30	451.00 ^{/1}	Total No. of retirees and survivors	7,082 ^{/7}
Part B Premiums		% of those Class 1 retirees and survivors 65 and over	53.94%
Income Range (ind./joint)	Premium	<i>No. of Class 1 retirees assumed to be 65 and over (53.94%)</i>	1,335.00
<\$85K/<\$170K	99.90		
85K-107K/170K-214K	139.90		
107K-160K/214K-320K	199.80		
160K-214K/320K-428K	259.70		
>214K/>428K	319.70 ^{/2}		

B. Potential Medicare Cost Summary				C. GovGuam Health Insurance Cost Summary (Class 1 enrollees assumed to be Medicare eligible)		
	Min	Max	With delayed enrollment 5 years		Plan	
Part A - Hospital Insurance	\$ -	\$ 451.00 ^{/1}	\$ 676.50 ^{4/}		<u>SC 1500</u>	<u>SC 2000</u>
Part B - Medical Insurance	99.90	319.70 ^{/2}	479.55 ^{4/}	No. of Class 1 enrollees	1,681.00	794.00
Part D - Prescription Drugs	31.08 ^{/3}	31.08 ^{/3}	49.73 ^{5/}	<i>Class 1 enrollees assumed to be eligible for Medicare</i>	907.00	428.00
Total Monthly Cost	<u>130.98</u>	<u>801.78</u>	1,205.78	GovGuam Bi-monthly Premium Share	263.13	251.14
Annual Cost per retiree	1,571.76 ^{/6}	9,621.36 ^{/6}		Employee share	40.37	4.86
				Annual Cost per retiree	6,315.12 ^{/6}	6,027.36 ^{/6}
				Cost (all retirees)	5,727,814	2,579,710
Total	2,098,306 ^{/6}	12,844,556 ^{/6}		Total	8,307,524 ^{/6}	

1/ Less than 30 quarters of Medicare-covered employment.

2/ Maximum is based on Modified Adjusted Gross Income.

3/ 2012 Part D Base Beneficiary Premium - <https://www.cms.gov/Medicare/AdvgtgSpecRateStats/Downloads/PartDandMABenchmarks2012.pdf>

4/ Penalty is additional 50% (10% for each of 5 years).

5/ Penalty is additional 60% (1% for each of 60 months) of \$31.08 (the national base beneficiary premium for 2012) which is \$18.70, rounded to nearest \$.10.

6/ Based on number of class 1 retirees and survivors who may be eligible for Medicare benefits.

7/ Retirement Fund 2011 Actuarial Report Appendix