

2. Medical Benefits Plan--Medicare Participation and Related Savings

The Managing Director is authorized to implement an enhanced program to encourage participation in national health schemes as follows:

- a. Effective January 1, 2011, eliminate the monthly \$7 contribution reduction for Part B and reimburse Medicare beneficiaries 75 percent of the basic Medicare Part B premium (i.e., the first income tier, currently \$110.50 for new enrollees in CY 2010) and 75 percent of the penalties for late enrollment, regardless of income tier, only for those enrolling during January through March 2011 and January through March 2012;
- b. Effective January 1, 2011, reimburse retirees enrolled in other voluntary national health schemes 75 percent of their basic premia, if applicable, and 75 percent of any corresponding penalties for late enrollment, if they enroll at the earliest opportunity in 2011 or 2012;
- c. Effective January 1, 2012, eliminate the monthly \$7 contribution reduction for Medicare Part A and other national health schemes with mandatory participation; and
- d. For late Medicare enrollees, offer the enhanced program for a limited time to encourage their enrollment, i.e., during the next two Medicare general enrollment periods, January 1, 2011 through March 31, 2011 and January 1, 2012 through March 31, 2012;
- e. The Part B premium reimbursement will increase in line with Medicare Part B premium increases each January 1. A similar annual procedure will apply for other national health schemes with participant premia increases;
- f. Part B premia and penalty reimbursements would be accounted for in the same way as Fund contributions to the MBP on behalf of retirees, i.e., through the Retired Staff Benefits Investment Account.

In addition, the Managing Director is authorized to reduce or suspend the annual increases in such reimbursements, taking into account the effectiveness of the incentive program.

In summary, the changes are effective from January 1, 2011, with the exception of the change described in paragraph c, which is effective January 1, 2012.

The enhanced program will be reviewed after two years of operation. (EBAP/10/114, 12/02/10)

Adopted December 15, 2010