

Alaska Division of Retirement and Benefits

AlaskaCare Defined Benefit Retiree Health Plan



Income Related Monthly Adjustment Amount IRMAA

Certain high-income retirees will have to pay an extra premium surcharge, known as an Income Related Monthly Adjustment

Amount, or **IRMAA**. This is similar to the surcharge for high-income enrollees in Medicare Part B plan, or Medicare Part D (prescription drug) plan. If you are an individual earning more than \$103,000 per year or a married couple who earns more than \$206,000 per year, you will be required to pay an extra surcharge for being enrolled in the AlaskaCare Employer Group Waiver Program (EGWP) because it is a group Medicare Part D plan. Retirees whose household income is below this threshold will not be subject to the IRMAA premium surcharge.

If you are subject to the IRMAA surcharge, **you will be reimbursed for this surcharge**. For all Medicare plans, the IRMAA will be deducted directly from your monthly Social Security check if you qualify for Social Security or will otherwise be invoiced to you directly each month. **If you are charged an IRMAA for your prescription drug coverage, the Division of Retirement and Benefits will cover the full cost of the premium surcharge each month, through a tax-advantaged Health Reimbursement Arrangement (HRA) account.** The Division has partnered with OptumRx for easy reimbursement. Contact the Optum Rx to learn about your reimbursement options.

How will I know if I have to pay an IRMAA, and how much it will be?

Each year, Medicare eligible individuals are notified by the Social Security Administration about your plan, including if you are required to pay an IRMAA and at what amount. The Social Security Administration use your Modified Adjusted Gross Income (MAGI) to determine if the IRMAA applies to you and, if so, how much you will have to pay. MAGI is the sum of:

- Adjusted Gross Income (AGI), which can be found on the last line your IRS 1040 tax form (line 37 on form 1040, line 21 on form 1040A, or line 4 on form 1040EZ), plus
- Any tax-exempt interest income (line 8b on form 1040).

The Social Security Administration requests income information from the IRS for the tax year that is two years prior to the surcharge year. IRMAA is automatically re-determined each year as long as you file an income tax return.

The below table shows the IRMAA for 2024. The MAGI and IRMAA is subject to change from year to year. Please review the table below to see if your income qualifies you to be assessed an IRMAA surcharge based on your Modified Adjusted Gross Income (MAGI) from the 2022 tax year.

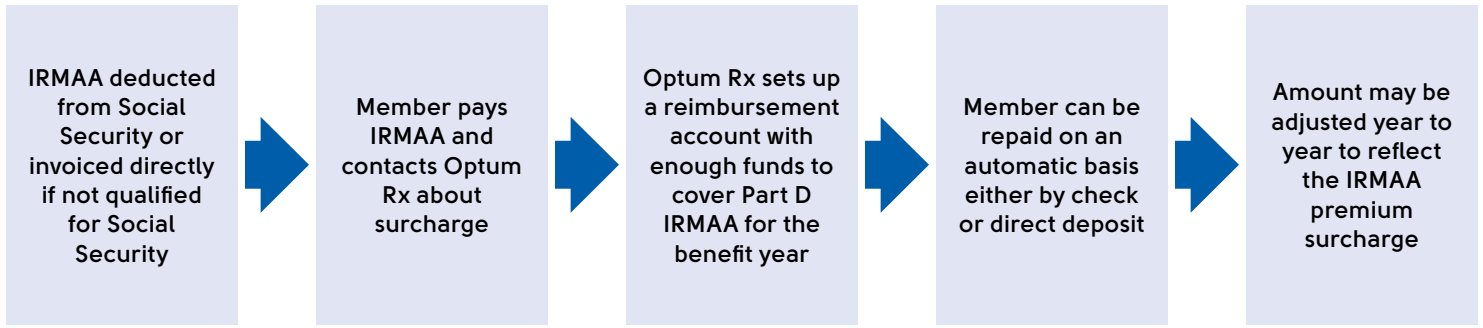
2024 Part D IRMAA Amounts

File individual tax return	File joint tax return	File married & separate tax return	You pay each month (in 2024)
\$103,000 or less	\$206,000 or less	Less than or equal to \$103,000	\$ 0.00
Above \$103,000 up to \$129,000	Above \$206,000 up to \$258,000	Not applicable	\$ 12.90
Above \$129,000 up to \$161,000	Above \$258,000 up to \$322,000	Not applicable	\$ 33.30
Above \$161,000 up to \$193,000	Above \$322,000 up to \$386,000	Not applicable	\$ 53.80
Above \$193,000 up to \$500,000	Above \$386,000 and less than \$750,000	Greater than \$103,000 and less than or equal to \$397,000	\$ 74.20
\$500,000 or above	\$750,000 or above	Greater than \$397,000 or above	\$ 81.00

How does the Health Reimbursement Arrangement (HRA) account work?

The Division is prohibited from paying your IRMAA premium surcharge directly and will instead reimburse you. The Division has partnered with Optum Rx for easy reimbursement. Each year, usually in November, Social Security will send you a letter which will state the IRMAA amount you are required to pay for the upcoming calendar year. To receive reimbursement, you have three options to choose from:

- You may register/log in to the Optum Rx member portal;
- You can use the Optum Rx mobile app; or
- You can request a paper form to enroll in the Part D IRMAA Health Reimbursement Arrangement (HRA).



What are my options if I am required to pay the extra surcharge?

If you receive notice that you are required to pay the IRMAA surcharge for the enhanced EGWP, contact Optum Rx to learn about different registration options to complete an IRMAA Health Reimbursement Arrangement (HRA) Enrollment Form. **The Division, partnered with Optum Rx, will fund a tax-advantaged HRA account that can be used to reimburse you the surcharge amount by paper check or through electronic funds transfer to a bank account of your choosing.** Members are encouraged to set up reimbursement on an automatic monthly basis or elect to submit for reimbursement manually.

What if I refuse to pay the extra surcharge?

If you refuse to pay the extra surcharge for your Medicare Part D coverage, Medicare will cancel your enrollment in the AlaskaCare enhanced Employer Group Waiver Program (EGWP) plan. This will be treated as an opt-out from the plan, and you will be placed in a prescription drug program that is much different than the plan prescription drug benefits offered today. This alternative plan may result in increased out-of-pocket expenses for you or your Medicare eligible dependents. **Please contact the Division if you have concerns about this surcharge or would like to better understand the options available to you.**

Who can I call if I need more help understanding this new plan and surcharge?

For general questions about your pharmacy benefits, call **Optum Rx** at (855) 409-6999. To find out if you will be subject to an extra surcharge because you earn a high income, you may **contact the Social Security Administration** at (800) 772-1213. **For more information about the Health Reimbursement Arrangement (HRA) account, contact the Division using the information below.**

Alaska Division of Retirement and Benefits

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Member Education Center

Hours: Monday-Thursday 8:30 a.m. to 4 p.m. | Friday 8:30 a.m. to 3 p.m.

Toll-Free: (800) 821-2251 | In Juneau: (907) 465-4460 | Fax: (907) 465-4668 | TDD: (907) 465-2805

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The information in this brochure is not intended to replace the Alaska Statutes, the Alaska Administrative Code, or the plan documents. Language contained in Alaska Statutes, the Alaska Administrative Code, and the plan documents governs the plans.