Proposed Retiree Health Reimbursement Arrangement (RHRA)

As stated in policy 7628, this proposal would affect employees who were hired prior to 7/1/13 AND have 15 years of consecutive LCPS service AND have been on LCPS medical/prescription insurance for three years immediately preceding retirement.

Under the proposed Retiree Health Reimbursement Arrangement (RHRA) employer-funded benefit, LCPS would provide $400 per month into an account for retirees to use for health insurance, medical co-pays and co-insurance, and other eligible healthcare expenses.

Employees who are not yet retired as of 1/1/26 but meet the eligibility requirements of LCPS Policy 7628 would retire under the proposed RHRA plan. LCPS would provide $400 per month into a retirees' account to use for health insurance, medical co-pays and co-insurance, and other eligible healthcare expenses.

Medicare is coverage provided by Social Security and is separate from any coverage you may receive from LCPS. While Medicare Part A is free, Medicare Part B has a premium. Find information about Medicare Part B premiums by visiting https://www.medicare.gov/basics/costs/medicare-costs. These costs are mandatory for all Medicare enrollees and separate from LCPS benefits.

LCPS does not and has not paid for Medicare Part A & B premiums for retirees. These costs are separate from LCPS premiums. Some retirees may use the Health Insurance Credit provided by LCPS contributions to VRS to help offset this cost, but paying the premium to Social Security is the retiree's responsibility.

Retired, Medicare Eligible

Current

- Medicare, employee pays
- LCPS Retiree Health Plan (LCPS Sponsored Medicare Advantage)

New

- Medicare, employee pays
- LCPS Retiree Health Plan (LCPS Sponsored Medicare Advantage)

OR

- Medicare, employee pays

Proposed RHRA, which includes:

- LCPS contributes $400 per month into a retiree's RHRA account
- Funds can be used for health insurance, medical expenses, and dependent coverage
- Choose any healthcare plan that best fits your needs – Medigap, Medicare Advantage, Part D, vision, and dental
- If the selected plan costs less than $400 per month, remaining funds can help cover dependent healthcare expenses
- Unused funds roll over from month to month and year to year
- Non-taxable benefit – does not increase tax liability
- Managed by a third-party administrator with expertise in the plan

Retired, Not Medicare Eligible

Current

Health Insurance: OAP, OAP High or other plan, employee pays

New

Health Insurance: OAP, OAP High or other plan, employee pays

Once you reach 65 years old or Medicare Eligible

- Medicare, employee pays
- LCPS Retiree Health Plan (LCPS Sponsored Medicare Advantage)

- Medicare, employee pays

Proposed RHRA, which includes:

- LCPS contributes $400 per month into a retiree's RHRA account
- Funds can be used for health insurance, medical expenses, and dependent coverage
- Choose any healthcare plan that best fits your needs – Medigap, Medicare Advantage, Part D, vision, and dental
- If the selected plan costs less than $400 per month, remaining funds can help cover dependent healthcare expenses
- Unused funds roll over from month to month and year to year
- Non-taxable benefit – does not increase tax liability
- Managed by a third-party administrator with expertise in the plan

Not Yet Retired, but Eligible under Policy 7628

Current

Health Insurance: OAP, OAP High or other plan, employee pays

New

Health Insurance: OAP, OAP High or other plan, employee pays

Once you reach 65 years old or Medicare Eligible

- Medicare, employee pays
- LCPS Retiree Health Plan (LCPS Sponsored Medicare Advantage)

- Medicare, employee pays

Proposed RHRA, which includes:

- LCPS contributes $400 per month into a retiree's RHRA account
- Funds can be used for health insurance, medical expenses, and dependent coverage
- Choose any healthcare plan that best fits your needs – Medigap, Medicare Advantage, Part D, vision, and dental
- If the selected plan costs less than $400 per month, remaining funds can help cover dependent healthcare expenses
- Unused funds roll over from month to month and year to year
- Non-taxable benefit – does not increase tax liability
- Managed by a third-party administrator with expertise in the plan

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