



School Administrators Association of New York State

SAANYS
LEGAL DEPARTMENT

8 Airport Park Boulevard | Latham, New York 12110

Phone: (518) 782-0600 | www.saanys.org

Your Retirement Healthcare Coverage and the Income-Related Monthly Adjustment Amount (IRMAA), What is It? Am I Entitled to Reimbursement?

April 2023 News & Notes

Your district has agreed to cover 100 percent of your individual retirement medical coverage; however, you retire, only to soon find out that the district disclaims coverage of your total medical monthly premiums citing the Income-Related Monthly Adjustment Amount (IRMAA) as its basis for disclaiming the same. This is precisely the issues faced in the Supreme Court action *Tyron v. Cobleskill-Richmondville Central School District* which as set forth below, resulted in a significant win for administrators whose Collective Bargaining Agreement (CBA) entitles them to the same or similar medical coverage expenditures.

First, IRMAA, what is it? IRMAA applies to Medicare Part B premiums. While the intricacies of Medicare could fill a 1,200 page novel, essentially, Medicare is broken into four (4) parts as follows: (1) Part A; Part B; Part C; and Part D. Whereas Part A relates to inpatient/hospital coverage, Part B covers outpatient/medical or physician coverage; Part C offers an alternative way to receive Medicare supplemental benefits and Part D provides prescription drug coverage.

As applied herein, IRMAA relates to coverage provided as a result of Part B and Part D premiums. Essentially, the Social Security Administration (SSA) is tasked with making the initial determination whether IRMAA applies to Medicare beneficiaries with Part B and Part D coverage utilizing Internal Revenue Service (IRS) data. If your annual adjusted gross income in retirement is above a certain level, SSA will assess an additional monthly IRMAA premium you, as the beneficiary will owe.

Turning to *Tyron v. Cobleskill-Richmondville Central School District*, SANNYS commenced a hybrid Civil Practice Law and Rules Article 78 action against the School District for breach of the CBA with the Administrator's Association of which Ms. Tryon is a 3rd part beneficiary. In sum and substance, the action sought a determination by the Supreme Court, Schoharie County, that the School District's unilateral disclaiming of coverage for Medicare premiums such as IRMAA was arbitrary and capricious, and moreover, a prior negotiated term explicitly set forth within the CBA between the School District and the Administrators' Association.

The CBA guaranteed a lifetime retirement health insurance benefit provided by the School District entitling "individuals who retire during the 2009-10 school year...be covered at the rate of 100% of the charge for the individual coverage and 75% of the charge for dependent coverage." See Hon. Ferreira, Decision & Order/Judgment [March 15, 2023] at Pg. 7.

On Motion for Summary Judgment[1], Plaintiff/Petitioner, by and through SAANYS General Counsel, Attorney Arthur P. Scheuermann, Esq., was granted Summary Judgment thereby requiring the School District to pay premiums arising from IRMAA. The Court held that 100% of the charge for individual coverage was clear and unequivocal language, meaning, the District was responsible for all premium costs associated with retirement health insurance. What does this mean for you? Whether your CBA covers a percentage basis of retirement healthcare coverage or the whole sum, the contention that IRMAA premiums are not contemplated within the

plain meaning of the contract language is contrary to the holding in Tryon. While it is possible your CBA reflects negotiated provisions which differ from that of 100 percent of individual retirement healthcare coverage being covered by the School District upon retirement, it is important to recognize and be cognizant of your entitlement to IRMAA premium coverage. Even if your CBA covers merely a percentage basis of retirement healthcare, said percentage basis should be inclusive of any IRMAA premiums you may be required to pay.

From a negotiation standpoint, the legal department at SAANYS would like you to be cognizant of the nuances governing contractual interpretation and standards of review that Courts utilize to determine whether a contractual term is unambiguous and therefore enforceable. While in the Tyron matter, the Court found the CBA to be unambiguous with regard to the Plaintiff/Petitioner’s entitlement to 100 percent retirement healthcare coverage inclusive of IRMAA costs, this is not always the case. As such, you should be sure your CBA makes clear that whether a percentage portion of retirement healthcare or all of your retirement healthcare is covered by the district in retirement, that said allotment is inclusive of all costs associated with coverage.

Should you have any further or additional questions, please do not hesitate to contact your SAANYS Legal Department and The Office of General Counsel at SAANYS.

Interested in learning more about IRMAA, or curious as to what income brackets are subject to IRMAA allotments? See the link below to learn more!

Your premium will change based on income as follows:		
Your annual income		Your monthly premium in 2023
Individuals	Couples	
Equal to or below \$97,000	Equal to or below \$194,000	\$164.90
\$97,001 - \$123,000	\$194,001 - \$246,000	\$230.80
\$123,001 - \$153,000	\$246,001 - \$306,000	\$329.70
\$153,001 - \$183,000	\$306,001 - \$366,000	\$428.60
\$183,001 - \$499,999	\$366,001 - \$749,999	\$527.50
\$500,000 and above	\$750,000 and above	\$560.50

[1] A “Motion for Summary Judgment” is a motion seeking the Court to make and/or compel a determine as a matter of law on the merits, such that no issue of fact exists.

Source: [https://www.medicareinteractive.org/get-answers/medicare-health-coverage-options/original-medicare-costs/part-b-costs-for-those-with-higher-incomes#:~:text=The%20Medicare%20Income%2DRelated%20Monthly,you%20and%20your%20spouse's\)%20IRMAA.](https://www.medicareinteractive.org/get-answers/medicare-health-coverage-options/original-medicare-costs/part-b-costs-for-those-with-higher-incomes#:~:text=The%20Medicare%20Income%2DRelated%20Monthly,you%20and%20your%20spouse's)%20IRMAA.)

“The contents of this communication are intended to convey general information only and not to provide legal advice or opinions. The contents of this communication should not be construed as, and should not be relied upon for, legal advice in any circumstance or fact situation. The information presented in this communication may not reflect the most current legal developments. No action should be taken in reliance on the information contained in this communication and we disclaim all liability in respect to actions taken or not taken based on any or all of the contents of this site to the fullest extent permitted by law. An attorney should be contacted for advice on specific legal issues.”