

Continuing Benefits at Retirement*



DAS Benefit Education On-Demand Presentation

* AFSCME, AFSCME Judicial, Judicial Non-Contract, Non-Contract (Non-Judicial) PPME and UE/IUP-covered

2009

Agenda

- Overview of Continuing Insurance Coverage at Retirement
- Retiree Medical (before Medicare-eligibility)
 - Sick Leave Insurance Program (SLIP)
- Retiree Medical and Medicare
 - SilverScript – Medicare Part D
- Retiree Dental
- Life and Long Term Disability Insurance Conversion
- Additional Benefit Information and Resources

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More information can be found at the DAS Benefits Web site - <http://das.hrs.iowa.gov/benefits.html>



Overview

You are eligible to continue benefits at retirement –
You must apply for and receive state pension benefits

No Break in Coverage --

- Active Employee Coverage
 - Ends last day of the month of active employment
- Retiree Coverage
 - Begins first of the month following your retirement date

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Overview

- Coverage for your lifetime
- If your spouse is covered at the time of your death, the spouse can continue coverage for his/her lifetime
- No provision for rejoining the group if you drop health and dental coverage



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Benefit Elections

- As an retiree, you can elect
 - Dental insurance only
 - Health insurance only
 - Health and dental insurance
- Different coverage level (single or family) for health and dental insurance
- Health and dental plans for retirees are the same as active employees



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Enrollment In a Different Health Plan

Enrollment in a Different Health Plan at Retirement

- Regular retirees (non-SLIP) can select any plan
- SLIP retirees can elect a health plan with a lower total premium
- Regular and SLIP retirees can switch:
 - Program 3 Plus to Deductible 3 Plus
 - Deductible 3 Plus to Program 3 Plus



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Annual Enrollment And Change Period

Annual enrollment and change period for retirees

- Mid-October – December 31
- November 15 – December 31 for Medicare Part D
- DAS sends an information packet to retirees
- Elect a different health plan – a plan with either a higher or lower total premium
- Elect a different coverage level (single or family) for health insurance
- If there is a dental open enrollment, elect different coverage level (single or family)

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Adding Spouse to Coverage

Health Insurance

- Qualified Event
 - Loss of Other Health Coverage – ex. spouse retirement
 - Marriage, common law, domestic partner
- Annual Enrollment & Change Period

Dental Insurance

- Involuntary Loss of Coverage
 - Retirement is not an involuntary loss of coverage
- Open Dental Enrollment
 - If you continue dental coverage at retirement
- Qualified Event
 - Marriage, common law, domestic partner

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Removing Spouse from Coverage

SLIP Retiree

- Remove a Spouse from Coverage Anytime
- Do not need a Qualified Event
- Contact DAS – Group Insurance

Regular (Non-SLIP) Retiree

- Remove a Spouse from Coverage Anytime
- Do not need a Qualified Event
- Contact Wellmark and/or Delta Dental directly

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2009 Retiree Health & Dental Premiums (Non-Medicare)

Cost of retiree health and dental coverage
Total insurance premium (state + employee portion)

Plan	Single	Family
Deductible 3 Plus	\$646.46	\$1,512.76
Program 3 Plus	\$643.23	\$ 1,505.17
Iowa Select	\$640.92	\$1,499.75
Blue Access	\$398.49	\$932.47
Blue Advantage	\$383.30	\$896.94
Delta Dental	\$26.14	\$70.06

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Health & Dental Insurance Trend

Retiree Health and Dental Premiums

- Change Each Year
- Change the same % as active employees rates

Average Health & Dental Premium Increase

Over the last 5 years (2005-2009), the average **annual** increase in employee-required premiums for Iowa Select, family and Dental, family

- Iowa Select, family 6.0% average per year
- Dental, family 1.0% average per year

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Sick Leave Insurance Program (SLIP)

- Use unused sick leave balance to pay a portion of the retiree health insurance premium
- Pays the state's share of the total premium
- For health insurance only not dental insurance
- Not available for retirees who are Medicare eligible

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SLIP Eligibility

Eligibility for SLIP

- Executive Branch (AFSCME, IUP, Non-Contract, CBC)
 - Eligible for retirement
 - No additional age or service requirement
- Judicial Branch
 - Eligible for retirement
 - At least 15 years of service

SLIP balance must be greater than \$2,000 PLUS the cost of at least one month of the state share of your group health insurance premium

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\$2,000 Payout in Unused Sick

- You receive a payout of up to \$2,000 in unused sick leave at retirement
- Payment is mandatory
- Subject to federal and state income taxes and FICA
- Option:** Make an election of the payout to your deferred compensation account

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SLIP Conversion Chart

Sick leave hours are converted into dollars based on a percentage of an employee's sick leave hours balance as of the last day of work

If your sick leave balance is: Conversion rate

Zero to 750 hours 60% of value

Over 750 to 1,500 hours 80% of value

Over 1,500 hours 100% of value

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SLIP Account Statements

- Annual statement of SLIP account balance from DAS before the enrollment and change period
- A SLIP retiree is also notified by DAS
 - 3 months from age 65
 - Spouse is 3 months from 65
 - 3 months before SLIP is exhausted

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Applying for SLIP

- Contact your Personnel Assistant (PA)
- Approximately 1½ months before retirement
- Your PA can keep your retirement confidential



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SLIP Account Examples

Assume the following:

- The employee's SLIP account is \$14,400
- The employee retires at age 62 (36 months until Medicare eligibility)
- The retiree does not change his/her health insurance election
- Health premiums do not increase during the 36 months timeframe

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More information can be found at the DAS Benefits Web site - <http://das.hrs.iowa.gov/benefits.html>




SLIP Account Example 1

The retiree has **Iowa Select, family coverage** for health coverage.

Total monthly premium \$1,499.75 State's portion \$1,274.79 Retiree's portion \$224.96		SLIP	Retiree
SLIP account pays the total state's portion of the premium for 11 months (\$1,274.79*11)		\$14,022.69	
The retiree pays the retiree's portion of the premium for 11 months (\$224.96*11)			\$2,474.56
SLIP account pays a portion of the state's premium for month 12. The SLIP account is now exhausted. The retiree pays the remaining amount of the state's portion		\$377.31	\$897.48
The retiree pays the retiree's portion of the premium for month 12			\$224.96
The retiree pays the full premium until eligible for Medicare (24 months at \$1,499.75)			\$35,994.00

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The retiree pays the retiree's portion of the premium for month 12			\$224.96
The retiree pays the full premium until eligible for Medicare (24 months at \$1,499.75)			\$35,994.00
Total amount of premiums paid		\$14,400.00	\$39,591.00

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SLIP Account Example 2

The retiree has **Iowa Select, single coverage** for health coverage.

Total monthly premium \$640.92 State's portion \$640.92 Retiree's portion \$ 0.00		SLIP	Retiree
SLIP account pays the total state's portion of the premium for 22 months (\$640.92*22)		\$14,100.24	
The retiree doesn't have a premium for 22 months			\$0.00
SLIP account pays a portion of the state's premium for month 23. The SLIP account is now exhausted. The retiree pays the remaining amount of the state's portion		\$299.76	\$341.16
The retiree pays the full premium until eligible for Medicare (13 months at \$640.92)			\$8,331.96

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The retiree doesn't have a premium for 22 months				\$0.00
SLIP account pays a portion of the state's premium for month 23 The SLIP account is now exhausted The retiree pays the remaining amount of the state's portion			\$299.76	\$341.16
The retiree pays the full premium until eligible for Medicare (13 months at \$640.92)				\$8,331.96
Total amount of premiums paid			\$14,400.00	\$8,673.92



SLIP Account Example 3

The retiree has **Blue Access, family coverage** for health coverage

Total monthly premium \$932.47 State's portion \$932.47 Retiree's portion \$ 0.00			SLIP	Retiree
SLIP account pays the total state's portion of the premium for 15 months (\$932.47*15)			\$13,987.05	
The retiree doesn't have a premium for 15 months				\$0.00
SLIP account pays a portion of the state's premium for month 16 The SLIP account is now exhausted The retiree pays the remaining amount of the state's portion			\$412.95	\$519.52
The retiree pays the full premium until eligible for Medicare (20 months at \$932.47)				\$18,649.40



SLIP Account Example 3

The retiree has **Blue Access, family coverage** for health coverage

Total monthly premium \$932.47 State's portion \$932.47 Retiree's portion \$ 0.00			SLIP	Retiree
SLIP account pays the total state's portion of the premium for 15 months (\$932.47*15)			\$13,987.05	
The retiree doesn't have a premium for 15 months				\$0.00
SLIP account pays a portion of the state's premium for month 16 The SLIP account is now exhausted The retiree pays the remaining amount of the state's portion			\$412.95	\$519.52
The retiree pays the full premium until eligible for Medicare (20 months at \$932.47)				\$18,649.40
Total amount of premiums paid			\$14,400.00	\$19,168.92



Summary of the SLIP Examples

Assumptions:

- SLIP account is \$14,400
- 36 months before Medicare eligibility
- No change in health plan
- No increases in health premiums

	SLIP	% of Total Premium	Retiree	% of Total Premium
Iowa Select, family	\$14,400.00	27%	\$39,591.00	73%
Iowa Select, single	\$14,400.00	62%	\$8,673.92	38%
Blue Access, family	\$14,400.00	43%	\$19,168.92	57%
Blue Access, single	\$14,273.64	100%	\$0.00	0%

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Retiree Health Coverage Factors

Four Questions to Ask Yourself in Planning Your Retiree Health Coverage

1. At what age am I planning on retiring?
2. What do I estimate my SLIP account balance to be at retirement?
3. What's the best health insurance plan that meets my needs and the needs of my family?
 - Indemnity
 - PPO
 - MCO
4. What coverage level will I need when I retire?
 - Single
 - Family

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Remain Eligible for SLIP

Remain eligible for the SLIP program until:

- The SLIP account is exhausted
- Return to state employment in a benefit-eligible position
- Fail to pay the retiree share of the premium due
- Stop participating in the state's group health insurance plan
- Become eligible for Medicare
- Death – (Spouse can't use remaining SLIP dollars if the retiree passes away)

Remaining dollars in the SLIP account are forfeited

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Double Spouse & SLIP

You and your spouse are both state employees and currently participate in a double spouse family contract

- Double spouse family contract is only available to active employees

At retirement, convert to:

- Two plans with single coverage
- One plan with single coverage & one with family coverage

When one of the retiree's SLIP balance is exhausted

- Can continue to maintain single coverage or convert to family coverage

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Medicare

Medicare eligibility is granted when you turn age 65

- Can be granted earlier if you have a disability

Parts A and B of Medicare

- Part A – Hospital Insurance – no cost
- Part B – Medical Insurance – \$96.40/month

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When You Become Eligible for Medicare

You may elect to drop the state's group coverage

- Purchase a private Medicare supplement plan
- If coverage is dropped by the retiree - spouse and dependent coverage is also cancelled

You may continue with the state group coverage

- Notify Wellmark of enrollment in Parts A and B
- Medicare becomes primary payer of claims
- State becomes secondary payer of claims
 - State's benefits do not change
 - Lower premium

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More information can be found at the DAS Benefits Web site - <http://das.hrs.iowa.gov/benefits.html>




Your Spouse and Medicare

You are not eligible for Medicare but your spouse is eligible for Medicare

If you are a retiree –

- Enroll in the “1 with & 1 without” family coverage
- Reduction in premium
- You can still use your SLIP dollars – **as long as you are not Medicare-eligible**


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Medicare's Part D

- Medicare Part D provides prescription drug coverage to individuals enrolled in Medicare Part A and Part B
- State's prescription drug coverage
 - Considered “creditable coverage” under Medicare's regulations
 - No penalty for enrolling in a Medicare Part D plan at a later date as long as you are continuously covered under the state's health plan


41 More information can be found at the DAS Benefits Web site - <http://das.hrs.iowa.gov/benefits.html>



Medicare's Part D

- If a retiree is:
 - Medicare-eligible
 - Enrolled in one of the state's health plan
- No need to enroll in a Medicare Part D plan
- The State's prescription drug coverage applies

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State's Prescription Drug Benefits

Retail	Blue Access Blue Advantage	Program 3 Plus Iowa Select	Deductible 3 Plus
Preferred Generic	\$5	\$5	20% after deductible
Preferred Brand Name	\$15	\$15	
Non-Preferred Brand or Generic	\$30 or 25% (whichever is higher)	\$30	
Mail Order			
Preferred Generic	\$10	\$10	Not Applicable
Preferred Brand Name	\$30	\$30	
Non-Preferred Brand or Generic	\$60	\$60	

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SilverScript Option

- SilverScript is a Medicare Part D prescription drug plan
- SilverScript is voluntary
- SilverScript coordinates coverage with four Wellmark plans
 - Blue Access
 - Blue Advantage
 - Iowa Select
 - Program 3 Plus
 - Not Deductible 3 Plus

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SilverScript

- SilverScript is the primary plan for prescription drugs and the state's plan is secondary
- Cost of SilverScript for 2009 is **\$31.80**/month in Iowa. The cost may be different in other states
- Lowers the Medicare-eligible Wellmark premium
 - A retiree can save from **\$55.33** up to **\$280.27** a month in Wellmark premiums (depending upon health plan and coverage level)


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Advantages of SilverScript


- Reduction in the Medicare-eligible Wellmark premium
- Prescription benefits remain the same
- Prescription drugs copays remain the same
- Maximum out-of-pocket (\$250/\$500) remains for:
 - Iowa Select
 - Program 3 Plus



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SilverScript Easy to Use

- No additional paperwork for retail prescriptions
 - Two ID cards – SilverScript and Wellmark
 - Pharmacy must run
 1. SilverScript ID card
 2. Wellmark ID card
 - Every time you go to the pharmacy for the claim to be filed correctly




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2009 Medicare-Eligible with SilverScript

Premiums do not include the **\$31.80** SilverScript premium per Medicare eligible person in Iowa

	Blue Access	Blue Advantage	Iowa Select	Program 3 Plus
Single (1 with Medicare)	\$157.59	\$151.66	\$253.09	\$253.97
Family (Both with Medicare)	\$315.18	\$303.32	\$506.18	\$507.94
Family (1 with & 1 without Medicare)	\$556.07	\$534.96	\$894.01	\$897.20
Family (1 with, 1 without Medicare & minor dependent)	\$625.98	\$602.28	\$1,006.07	\$1,009.36
Family (Both with Medicare & minor dependent)	\$385.09	\$370.64	\$618.24	\$620.40
Family (1 with Medicare & minor dependent)	\$227.50	\$218.98	\$365.15	\$366.43



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Premium Savings with SilverScript

Savings do not include the **\$31.80** SilverScript premium per Medicare eligible person in Iowa

	Blue Access	Blue Advantage	Iowa Select	Program 3 Plus
Single (1 with Medicare)	\$57.60	\$55.33	\$93.01	\$93.45
Family (Both with Medicare)	\$115.20	\$110.66	\$186.02	\$186.90
Family (1 with & 1 without Medicare)	\$57.61	\$55.33	\$93.01	\$93.45
Family (1 with, 1 without Medicare & minor dependent)	\$115.21	\$110.66	\$186.03	\$186.82
Family (Both with Medicare & minor dependent)	\$172.80	\$165.99	\$279.04	\$280.27
Family (1 with Medicare & minor dependent)	\$115.20	\$110.66	\$186.03	\$186.82

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Medicare-Eligible Retiree Health Cost

Assumption: Blue Access, family coverage (both with Medicare)

	Without SilverScript	With SilverScript
Medicare Part A	\$0.00	\$0.00
Medicare Part B (\$96.40*2)	\$192.80	\$192.80
Blue Access, Family (Both with Medicare)	\$430.38	\$315.18
SilverScript (\$31.80*2)	\$0.00	\$63.60
Total	\$623.18	\$571.58

If selected, dental insurance would be an additional cost

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Dental Insurance

- Coverage for your lifetime
- If your spouse is covered at the time of your death, the spouse can continue coverage for his/her lifetime
- Retiree pays 100% of the dental premium
\$26.14 (single) **\$70.06** (family)
- SLIP cannot be used for dental coverage
- Medicare does not cover dental care and dentures (with a few exceptions)



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Continuation of Life Insurance

Life Insurance

- Life insurance coverage ends on the last day of the month as an active employee
- You can convert from group term life insurance to an individual whole life insurance plan
- Annual premiums for \$50,000 of life insurance
 - Age 55 **\$3,905.50**
 - Age 60 **\$4,541.00**
 - Age 65 **\$5,280.50**

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Continuation of LTD Insurance

Long Term Disability Insurance

- Long term disability insurance coverage ends on the last day as an active employee
- No conversion for Long Term Disability insurance

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Things to Consider

- At what age am I planning on retiring?
- What do I estimate my SLIP account will be at retirement?
- What is the total cost of my current health care coverage?
- What health plan and coverage level will best meet my needs at retirement?
- In what state am I going to live in when I retire?
- Will I need dental coverage when I retire?
- What are my life insurance needs at retirement?

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Coverage Outside of Iowa

In what state am I going to live in when I retire?

- Enrolled in either the Blue Access or Blue Advantage health insurance plans and permanently relocate outside the health plan's service area
 - Only emergency services will be covered in your new location
- At the time of relocation, you can change to a different health plan

- Blue Access - Only emergency services available outside the network
- Blue Advantage - Only emergency services available outside the network
- Iowa Select - Out of network coverage is available
- Deductible 3 Plus - Out of Iowa coverage is available – No network
- Program 3 Plus - Out of Iowa coverage is available – No network

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Guest Membership

Blue Access and Blue Advantage

- Guest Membership with a BCBS Plan
- At least 90 days
- Contact Wellmark Customer Service
- 1-800-553-7801



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Additional Benefit Information

- Contact your Personnel Assistant
- Rachel Orris
Retirement Specialist
515-281-6124
rachel.orris@iowa.gov
- DAS Benefits Web Site at <http://das.hre.iowa.gov/benefits.html>



Examples of the information available

- Links to health and dental plans
- Side-by-side comparison of the different health plan coverage
- SLIP information and rates
- Deferred compensation
- Link to IPERS Web site

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Additional Information Resources

Senior Health Insurance Information Program

- <http://shiip.state.ia.us>
- 800-351-4664

State of Iowa Insurance Division

- Medicare
- Medicare supplement insurance
- Long term care insurance



Medicare

- <http://medicare.gov>
- 800-MEDICARE (800-633-4227)



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IPERS Presentations

IPERS Presentations

- Ready, Set, Retire
- Long Range Planning

<http://www.ipers.org> http://das.hrs.iowa.gov/benefit_education.html



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**Thank you for attending
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Presentation!**



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