

PUBLIC EMPLOYER BENEFIT ADMINISTRATORS

REFERENCE OPTIONS FOR RETIREES

What you need to consider



Most Oregon public employees who retire prior to age 65 will choose to continue the same group coverage as active employees as provided under ORS 243.303.

Following is information regarding various options for your employees and their dependents when they retire. The options that are available will vary depending upon your group and your employee's particular situation. A flow chart outlining these options is also available.

The options will also vary depending upon whether your benefits are insured or self-insured.

One of the most common pit falls encountered in retiree insurance at retirement is when an employee is not yet eligible for Medicare, has a Medicare eligible spouse and his/her spouse has not enrolled in Medicare Part B. When your employee is actively at work, in most cases your group policy will pay as primary coverage and Medicare will pay secondary, for both the retiree and spouse.

At retirement, however, when your employee is no longer actively at work, Medicare becomes primary. The group policy, whether continued through COBRA or under ORS 243.303, will become secondary even if the retiree and/or spouse have not signed up for Part B.

Medicare only allows retirees to enroll in Part B when initially eligible or during open enrollment each year. When enrolling during open enrollment coverage becomes effective July 1.

For each year a Medicare eligible person does not enroll in Part B, the Medicare premium is surcharged by 10% once enrollment takes place. The only exception is if the retiree and/or spouse have been covered under a group plan while the retiree has remained actively in employment.

Members with questions about Medicare can contact SHIBA (Senior Health Insurance Benefits Assistance Program):

Department of Consumer Business & Services
Insurance Division
Senior Health Insurance Benefits Assistance
350 Winter St, NE, Room 440
Salem, OR 97301-3883
1-800-722-4134

Retiree Insurance Options Available

I. Retiree and spouse are both ineligible for Medicare

1. Under ORS 243.303, early retirees and/or their spouse may continue the group policy until eligible for federal Medicare coverage.
2. A retiree benefit plan design provided by the employer in addition to or in place of ORS 243.303.
3. If you are a PERS participating employer, early retirees may also have PERS health insurance benefits available.
4. COBRA

II. Retiree and spouse are both Medicare eligible

1. If your employees are covered through the Oregon Public Employees Retirement System, employees and/or spouses reaching age 65 should contact the PERS Health Insurance Program for eligibility and enrollment information. Medicare supplemental coverage is available under a number of different plans within Oregon (Medigap A-J), all are described in the Medicare and You publication which can be found on the Medicare website at www.medicare.gov.
2. If your employer group sponsors a Medicare Supplement (Medigap) plan or a Medicare+Choice plan with additional benefits such as prescription drugs, retirees and/or spouses may want enroll in that plan.
3. Medicare+Choice plans are available on an individual basis. Most Medicare+Choice plans in Oregon do not include coverage for Outpatient Prescription Drugs.

III. Retiree is Medicare eligible but their spouse is not Medicare eligible

1. Retiree: refer to options listed in No. II.
2. Spouse not yet Medicare eligible: refer to options listed in No. I.
 - a. When spouse becomes Medicare eligible, and if the retiree is PERS eligible, he/she can enroll in PERS or if not apply for an individual Medicare supplement plan.

IV. Retiree is not Medicare eligible but their spouse is Medicare eligible

1. Retiree: refer to options listed in No. I.
2. Spouse: refer to options listed in No. II.

Note (i): This is where many people run into trouble – If the spouse is over 65 they need Medicare both Parts A and B to enroll in a Medicare supplement or Medicare+Choice plan as an individual or through PERS.

Note (ii): If your group participates in PERS the spouse who is Medicare eligible can enroll in the PERS Health Insurance Program even if the retiree (under 65) remains insured on the employer plan. However both retiree and spouse may enroll under PERS.

Retiree Information About Health Insurance Options at Retirement

If you and your spouse are not eligible for Medicare:

1. You most likely can continue your current group policy under Oregon statute, ORS 243.303. This statute allows public retirees to continue enrollment in the group coverage they have until reaching Medicare eligibility or age 65. Depending upon your employer's agreement with you, you may pay all or some of the premium for your health insurance coverage after retirement.
2. In most instances you will also have the option of continuing your current group policy under COBRA. Again, you will pay the premium for the coverage. Federal law establishes time limits for the length of time you can continue coverage under COBRA. The COBRA continuation option at retirement is eighteen (18) months. Your employer can ask you to pay premium that is 2% higher than the premium for active employees. There are many rules regarding COBRA continuation. If you are interested, check with your plan administrator for the details that apply to you.
3. Your employer may have established another benefit option for retirees under age 65. Check with them to see if there is such a plan.
4. If you are eligible for PERS retirement benefits at the time you retire, you can enroll in the PERS health insurance program. For information about the PERS health insurance program call 1-800-768-7377.
5. If you are not eligible for Medicare or an early retiree plan through your employer, you may be eligible for one of the Portability Plans offered by the carrier currently providing your group health benefits. This would be different coverage, and possibly less expensive, than your group plan. For more information, call the carrier currently providing your group health benefits.

If you and your spouse are both Medicare eligible:

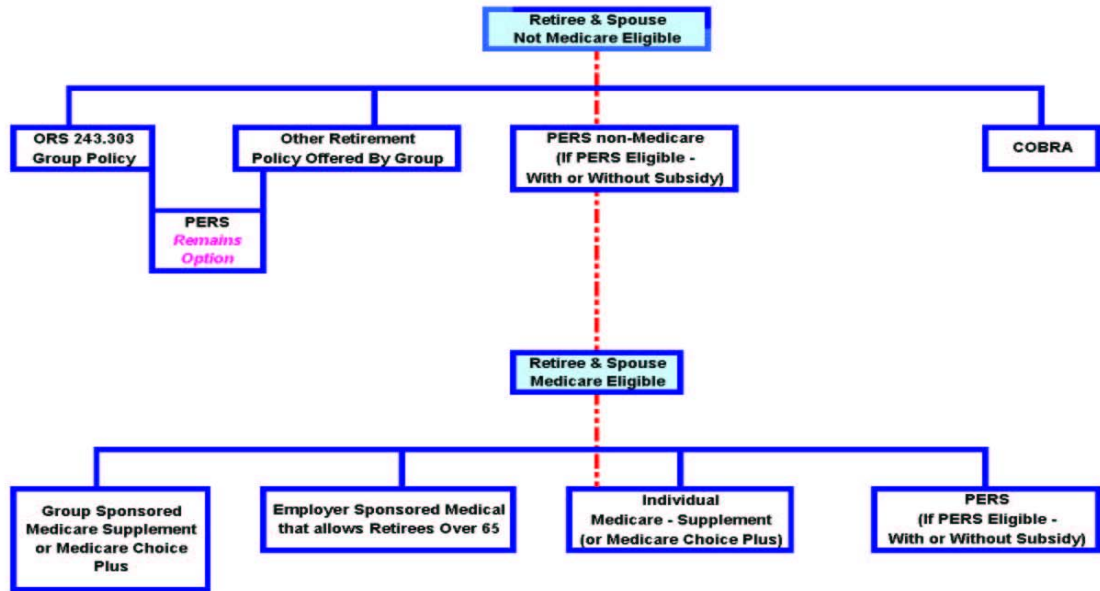
1. If you are over 65 at the time you retire, you most likely have coverage through Medicare. Coverage begins the first of the month in which you turn 65. You are automatically enrolled in Medicare Part A. You must enroll for Part B. If you do not enroll for Part B when you are first eligible you may pay a 10% surcharge in premium for each year you have delayed enrollment. If you have been working past your 65th birthday, you may not be enrolled in Medicare Part B. Be aware that it may take some time for you to activate your Part B coverage for you and/or your spouse if he/she is also over age 65 when you retire. All Medicare supplement plans and Medigap plans require you to be enrolled in Part B before they will enroll you and/or your spouse.
2. If you are eligible for PERS retirement benefits at the time you retire, you can enroll in the PERS health insurance program. For information about the PERS health insurance program call 1-800-768-7377. If you have eight or more years of PERS qualifying service and are eligible for Medicare Part A & B, you may also be eligible for a \$60 subsidy per month toward your health insurance premium if you are enrolled in the PERS health insurance program.
3. Check with your employer about any group plan they may offer that is a supplement to Medicare or a Medicare+Choice plan.
4. Medigap plans are available and sold to individuals. Check with local insurance companies to review their Medicare Supplement and Medicare+Choice policies.
5. Members with questions about Medicare policies can contact SHIBA (Senior Health Insurance Benefits Assistance Program):

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If you are 65 or over but your spouse is under 65:

1. Retiree Medicare Eligible (over 65)
See options available in section above.

2. Spouse who is under 65 (not Medicare eligible)
 - a) Under Oregon statute ORS 243.303, public retirees' spouses may continue on the group policy (usually paying the full premium) until they reach Medicare age.
 - b) If the retiree enrolls in a PERS sponsored plan, the spouse may also enroll in the same PERS sponsored plan.
 - c) Your spouse may have the right to elect COBRA continuation through the group for 36 months or until Medicare eligible.
 - d) Your spouse can enroll in COBRA and at the end of the 36 months, or anytime prior, enroll in the Portability Plan, or the same plan as the plan as the Medicare eligible retiree if they are enrolled in a PERS Health Insurance plan.
 - e) If your spouse can qualify for an individual policy, that may also be an option.



Prepared By: BW Reed Benefits, LLC
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DEFINITIONS

ORS 243.303

Oregon statute 243.303 requires that Oregon Public employers offer their group plans to retirees who are receiving a retirement benefit. Coverage must also be made available to any eligible dependents of the retiree until Medicare eligible. In most cases the retiree pays the premium although the employer can – the law does not specify.

Other Retirement Policy Offered by Group

In some cases employer groups may also have available a benefit package that they allow retirees of any age enroll in. These plans would be secondary to Medicare if the enrollee is not actively at work. Policies of this nature are becoming rare.

COBRA

Federal Law allows employees (or in this case retirees) to continue group coverage on a self-pay basis until age 65. There are also some circumstances when a retiree could elect COBRA continuation after age 65. Although there are specific circumstances that determine the length of COBRA continuation available, the most common period is 18 months in the event of retirement.

Group Sponsored Medicare Supplements or Medicare+Choice Plans

Depending upon the carrier and the group, a plan may be available, on a group basis that either supplements Medicare coverage or takes the place of it. The only difference, in general, between these plans and those sold to individuals is the possible addition of a drug benefit.

Individual Medicare Supplement or Medicare+Choice Plans

These are plans that are available to the public in general and purchased by individuals. They are regulated by federal Medicare rules, and are designed to fill much of the gap in coverage after Medicare payments (Medigap supplements A-J) or they take the place of Medicare in an HMO style plan (Medicare+Choice). In Oregon, only three Medigap plans have limited prescriptions drug coverage. There may be certain restrictions in enrollment opportunities.

PERS

If a retiree is receiving a pension from PERS, he/she may enroll in a PERS sponsored health plan during certain enrollment opportunities. There are both Medicare and non-Medicare plans available. All plans include prescription drug benefits, and there are two choices for dental programs. Depending upon the number of years of public service, there may also be a premium subsidy for Medicare eligible retirees.

Medicare Part A

Coverage for the following covered services: inpatient hospital care, skilled nursing facility, home health care following an inpatient hospital or skilled nursing facility stay, hospice care and whole blood in hospital or skilled nursing facility. There is an annual hospital deductible.

Medicare Part B

Coverage for the following covered services: doctor bills, outpatient hospital services, home health services not associated with an inpatient hospital or skilled nursing facility stay, certain ambulance services, durable medical equipment, x-ray, laboratory, physical, occupational and speech therapy, mental health care and blood. Payment is usually made at 80% of Medicare allowable charges. Medicare allowable is deeply discounted from billed charges.