



**April 12, 2010**

## MEMORANDUM

**To: All Payroll Locations**

**From: State Health Benefit Plan (SHBP)**

**Subject: Employees Retiring who have Health Insurance**

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We know you have many task and responsibilities. In an effort to assist you with questions you may receive from members approaching retirement, we want to provide you with the following information. We are also providing you with a handout you may give employees who contact you about retirement.

- You may or may not know that there is a section in the Active Decision Guide “If You Are Retiring . . . What You Need to Know” that provides information about retirement and your health insurance
- Coverage automatically rolls to retirement if you will be covered by ERS, TRS or PSERS Retirement Systems. Any one not covered by one of these systems will need to complete the Retiree Surviving Spouse Form and submit to SHBP to continue health insurance as a retiree
- Coverage must be continuous from active to retirement
- If the retiring employee is not yet 65 years of age, their current coverage will automatically roll over. Any surcharges currently applied will be removed when coverage is transferred to retiree status, as they are not applicable to retiree coverage.
- Retirees have 2 tiers: Single or Family. Members who cover their children and/or spouse will be placed in the same option with Family coverage.
- It is the responsibility of the employee to notify SHBP of Medicare entitlement if the employee and/or dependent(s) are not yet 65 but eligible for Medicare due to a disability
- If SHBP has the Medicare information on file when the member retires, the member and/or dependent(s) with Medicare will rollover into the Medicare Advantage Standard Plan with their current vendor. If the member wishes to enroll in any option other than the MA Standard Plan (including MA Premium) they will need to contact SHBP within 31 days of their retirement.
- If the Medicare information is not on file at the time they retire, the retiree will pay the unsubsidized rate until the Medicare information is received. Premiums will not be refunded for failing to send Medicare information to SHBP timely.
- Employees working past age 65 may delay enrollment in Medicare Part B without penalty, but should enroll in Medicare Part A as soon as eligible. Employees may then apply for Part B at anytime before they retire, but should allow at least 2 months prior to their retirement date to allow processing time and to avoid higher premiums with SHBP. They should request a Late Enrollment Penalty (LEP) Waiver form from Social Security. This form is used for individuals

who work past age 65. This form will need to be completed by the employer for the SHBP member and submitted to Social Security.

- Many retirees think they can't purchase Medicare Part B coverage because maybe the school system didn't contribute to Social Security. Part B can be purchased when you become eligible for Medicare if you have resided in the United States for a minimum of five years

As you may or may not remember, General Accounting Standards Board (GASB) Rules require that public entities account for the cost of their Other Post-Employment Benefits (OPEB), which includes retiree health care coverage. The last Georgia OPEB valuation is \$16.4 billion in unfunded liability for retiree health care. In order to maintain a fiscally sound status and avoid adverse impact to the State bond ratings, SHBP has implemented strategies that reduce this liability.

One of these changes is that all retirees and spouses eligible for Medicare because of age or disability will need to enroll in one of SHBP's two Medicare Advantage with Prescription Drugs (MAPD) Private Fee for Service (PFFS) options offered through CIGNA and UnitedHealthcare (UHC) to continue to receive the state contribution to the cost of premiums. We refer to these options as the MA options. To enroll in a SHBP MA option, retirees and/or covered dependent must at least have Medicare Part B coverage.

**General Medicare Information.** When members retire and become eligible for Medicare because of reaching age 65 or disability, they should enroll in Medicare. Medicare is the federal insurance and includes Parts A - hospitalization, B - provider services and D - prescription drugs. It is important they purchase Part B coverage, even if they are not automatically entitled to Medicare Part A because they or their spouse has not paid Medicare taxes for the appropriate number of work quarters. Part B coverage can be purchased when they are eligible for Medicare if they have resided in the United States for a minimum of five years. If they are not automatically entitled to Medicare Part A under their own work record, they may be eligible under a spouse or former spouse. Members should contact the Social Security Administration if they are not sure.

Social Security encourages individuals to enroll for Medicare and/or Social Security benefits online at [www.socialsecurity.gov](http://www.socialsecurity.gov) or by calling 800-772-1213, to avoid delays.

Hope you find this information helpful. You may want to give the attached SHBP Retire Policy to members who are retiring.