Health Insurance:

Your Options When You Retire

Presented by

The Health Insurance Team

Montgomery County Government
Office of Human Resources (OHR)

Updated 4/21/2016

During the Presentation, Please…

- Ask only general (not personal) insurance questions
- Write down any personal health insurance inquiries on the provided yellow pads; hand your sheet to the presenter after the presentation

Thank you for ensuring that your personal health information remains private!

What Happens to Your Insurance?

- Generally, you may take your life and health insurance with you into retirement. It is the same coverage as that offered to active employees except that the following plans are not available:
  - NVA Vision Plan
    - Discount Vision Plan Offered
    - Full Vision Plan offered for 18 months through COBRA
  - Dental DHMO
    - Not offered to retirees
    - UCCI PPO plan offered to retirees
  - Flexible Spending Accounts (FSAs)
    - Ends at retirement
    - Reimbursement for services incurred prior to retirement date

Changing Your Health Insurance

Retirement is considered a qualifying status change (life event), so you are able to make changes to your health insurance now!

Also, each fall, you can make certain changes to your health insurance during Open Enrollment. Changes made are effective the following plan year. Otherwise, you must have a qualifying status change (“life event”) to make changes during the year.

Changing Your Health Insurance

Examples of a change in status:

- Marriage, divorce, remarriage
- Birth or adoption of a dependent
- Death of a dependent
- Spouse's loss of coverage under another plan
- Unable to verify dependent eligibility or disability
- Court-ordered custody of minor child(ren)

Changes for life events are effective when all completed paperwork and supporting documentation is received by OHR, except newborns/adoptions **which** are effective retroactive to date of birth/adoption. You have 60 days from the date of the event to notify OHR of your qualified status change.

Eligible Dependents

For Medical, Rx, Dental & Vision

Your spouse or domestic partner if:

- Legally married? YES
- If my domestic partner is registered with the County? YES
- Divorced or the domestic partnership has dissolved? NO

Your children who are your biological children, legally adopted children, stepchildren, children of a domestic partner or children under your legal custody *and* who are either:

- Under age 26? YES
- Age 26 and over? NO, UNLESS INCAPABLE OF SELF SUPPORT

Relatives:

- Sisters, brothers, parents or parents-in-law? NO
- Grandparents, grandchildren, aunts, uncles, cousins, nieces or nephews? NO

Eligible Dependents

For Medical, Rx, Dental & Vision

- **For a Biological Child:** State Birth Certificate* (For newborns, OHR will accept hospital discharge papers for first 60 days; birth certificate must then be submitted)
- **For an Adopted Child:** Copy of Adoption or Placement for Adoption Papers
- **For a Step Child:** State Birth Certificate*, Marriage Certificate and Divorce Decree or Custody Papers
- **For a Disabled Child:** Medical plan verification of disability prior to age 26
- **For Legal Custody:** Copy of Court Order granting legal custody

* Must show plan member or spouse/domestic partner as parent

Eligible Dependents

For Medical, Rx, Dental & Vision

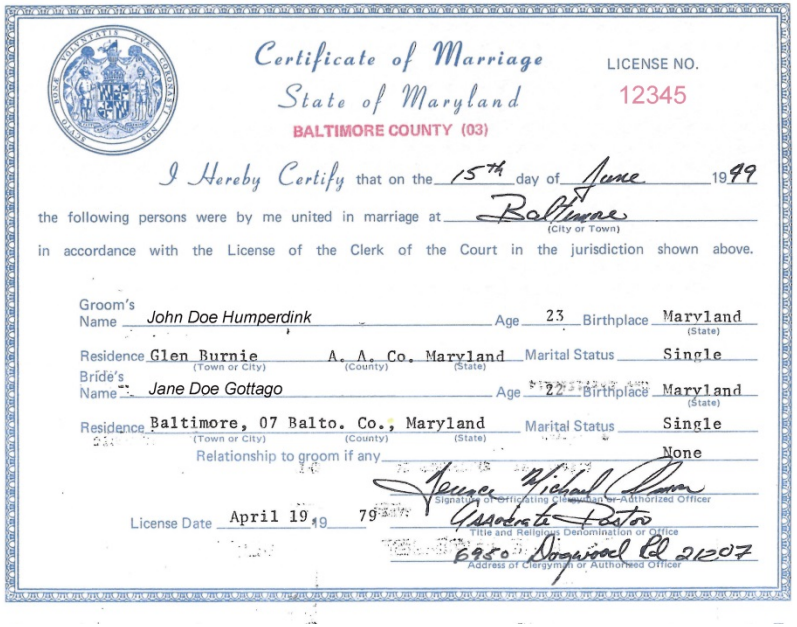
What is considered proof of eligibility?

- **To add a Spouse:** Official State Marriage Certificate (certified by appropriate State or County Official)
- **To add a Domestic Partner:** County's Domestic Partner Affidavit or an official copy of a State issued Domestic Partnership Registration

Eligible Dependents

For Medical, Rx, Dental & Vision

Official State Marriage Certificate (certified by appropriate State or County Official)



Certificate of Marriage
State of Maryland

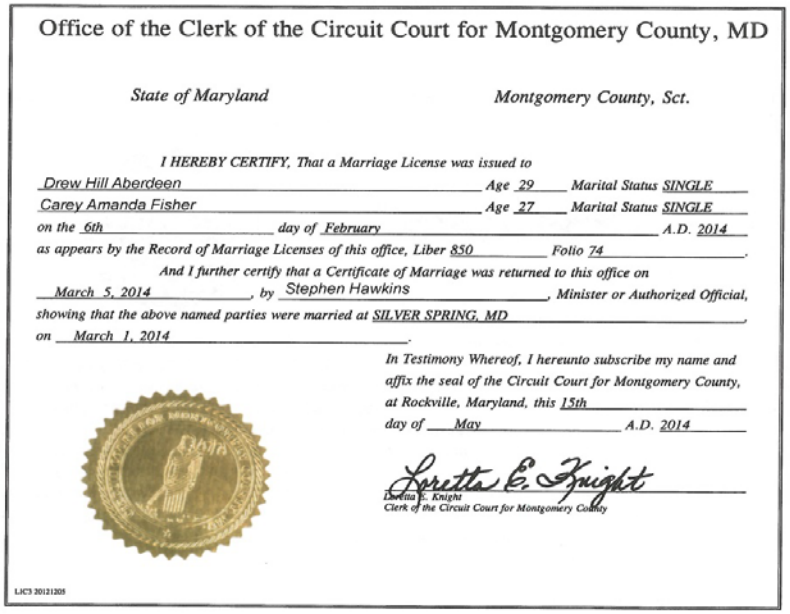
LICENSE NO. 12345

BALTIMORE COUNTY (03)

I Hereby Certify that on the 15th day of June 1949 the following persons were by me united in marriage at Baltimore (City or Town) in accordance with the License of the Clerk of the Court in the jurisdiction shown above.

Groom's Name John Doe Humperdink Age 23 Birthplace Maryland (State)
Residence Glen Burnie (Town or City) A. A. Co. (County) Maryland (State) Marital Status Single
Bride's Name Jane Doe Gottago Age 22 Birthplace Maryland (State)
Residence Baltimore, 07 Balto. Co., Maryland (Town or City) (County) (State) Marital Status Single
Relationship to groom if any None
Signature of Officiating Clergyman or Authorized Officer
License Date April 19 1949
Title and Religious Denomination or Office
Address of Clergyman or Authorized Officer

Not acceptable



Office of the Clerk of the Circuit Court for Montgomery County, MD

State of Maryland Montgomery County, Sct.

I HEREBY CERTIFY, That a Marriage License was issued to
Drew Hill Aberdeen Age 29 Marital Status SINGLE
Carey Amanda Fisher Age 27 Marital Status SINGLE
on the 6th day of February A.D. 2014
as appears by the Record of Marriage Licenses of this office, Liber 850 Folio 74.
And I further certify that a Certificate of Marriage was returned to this office on March 5, 2014, by Stephen Hawkins, Minister or Authorized Official, showing that the above named parties were married at SILVER SPRING, MD on March 1, 2014.

In Testimony Whereof, I hereunto subscribe my name and affix the seal of the Circuit Court for Montgomery County, at Rockville, Maryland, this 15th day of May A.D. 2014

Loretta E. Knight
Clerk of the Circuit Court for Montgomery County

LJC3 20121205

Acceptable

Eligibility

If you are a member of the optional or integrated plan under the Montgomery County Employees' Retirement System (ERS) and hired **before July 1, 2011**, and retire under a normal, early, disability or discontinued service retirement, you are eligible for health insurance benefits. However, you are **not** eligible for health insurance if you leave County service prior to retirement eligibility with a deferred vested benefit payable upon your normal retirement date.

If you belong to Group	*Early Retirement at least…*	*Normal Retirement at least…*
A, AZ, AK or H, HZ, HK, or AB AT, AS, or UZ, UK A/H (SLT or police TCC supv. or on-supv.)	15 years of service and age 50 20 years of service and age 45	5 years of service and age 60 30 years of service and age 55 30 years of service and age 50
E, EZ, EK	15 years of service and age 45 20 years of service and age 41	15 years of service and age 55 25 years of service and age 46
F, FZ, FK	15 years of service and age 45	15 years of service and age 55
	20 years of service and age 41	25 years of service and any age
DRSP Entry		25 years of service and age 46
G, GZ, GK	N/A	15 years of service and age 55
		20 years of service and any age
DROP Entry		Eligible for normal retirement

Eligibility

If you are a member of the Montgomery County Elected Officials' Plan (EOP, Group ZK), the Retirement Savings Plan (RSP, Group RN, RM, RC, RP), or the Guaranteed Retirement Income Plan (GRIP, Group CN, CM, CC, CP, CZ) and hired **before July 1, 2011**, you are eligible for health insurance upon separation from service if your age and credited service under a County Retirement Plan at the time of separation from service meet the following:

If you belong to Group	*And you have credited service of at least*	*And your age is at least*
RN, RM RC; or CN, CM, CC, CZ; or ZK	5 years 15 years 20 years	60 50 45
RP, CP - Police, Corrections, Sheriffs	15 years 20 years	45 41
RP, CP - Fire	20 years	Any age

Eligibility

If you are a member of any County retirement plan and hired or rehired as a permanent employee on or after **July 1, 2011**, you must have **at least 10 years of County service** (credited under a County retirement plan) to be eligible for health insurance continuation when you leave County service. All other eligibility criteria remain the same as for employees hired before July 1, 2011 in the previous charts (e.g., must have 15 years of credited service and be at least 50 years old).

How Much Will You Pay For Insurance At Retirement?

If your most recent hire date was <u>before January 1, 1987</u>, you have a choice of premium cost shares. You can either:

A) Elect the 80/20 cost share, meaning that 80% of your premium is paid by the County and 20% by you for the length of time you were eligible for health insurance. You or a surviving family member will be responsible for <u>100% of the premium</u> at the end of that time period.

For example, if you were eligible for health insurance for 20 years and 6 months and were retiring on 7/1/2016:

7/1/2016 + 20 and 6 = January 1, 2037 @ 100% **<u>OR</u>**

B) Elect the lifetime cost share of 70%* paid by the County and 30%* paid by you. The County will always contribute 70% toward your health insurance coverage. (*The percentage will depend upon your actual length of County service as described in the next slide.)

The premium cost share election is a <u>one-time irrevocable choice.</u>

How Much Will You Pay For Insurance At Retirement?

If your most recent hire date was on or after January 1, 1987 but before July 1, 2011, then the cost share arrangement at right applies to you.

Note: “Years” refers to years of eligibility under the health insurance plan; it does not include any transferred or purchased service, or any sick leave converted to credited service for ERS purposes.

Years of service	You pay
5	50%
6	48%
7	46%
8	44%
9	42%
10	40%
11	38%
12	36%
13	34%
14	32%
15+	30%

How Much Will You Pay For Insurance At Retirement?

The cost share arrangement shown at right applies to you if your most recent hire date was **on or after July 1, 2011.**

Note: “Years” refers to years of eligibility under the health insurance plan; it does not include any transferred or purchased service, or any sick leave converted to credited service for ERS purposes.

Years of service	You pay
10	50.00%
11	48.67%
12	47.34%
13	46.00%
14	44.67%
15	43.34%
16	42.00%
17	40.67%
18	39.34%
19	38.00%
20	36.67%
21	35.34%
22	34.00%
23	32.67%
24	31.34%
25+	30.00%

Imputed Income for
Domestic Partner Health Benefits

What is imputed income and how does it affect domestic partner benefits?

- The IRS defines imputed income as: non-cash, employer-provided benefit that is considered taxable
- The cost of health insurance benefits is taxable and becomes *imputed income* for a domestic partner and any children of a domestic partner
- The cost for health insurance benefits is <u>not</u> taxable for spouses and their dependents

How Do You Pay Your County Insurance Premiums at Retirement?

- **Members of the Employees' Retirement System (ERS):** Your health insurance premiums are deducted directly from your pension paychecks. If there are not enough funds to cover the health insurance premiums, the member is direct billed as described below.

- **Members of the Retirement Savings Plan (RSP) or Guaranteed Retirement Income Plan (GRIP):** You are billed directly for your health insurance through the County's third party administrator, Benefit Strategies. For more information, contact them at 1-888-401-3539 or http://benstrat.com/participants.php.

Can Your Spouse Keep Your Insurance…

If You Predecease Your Spouse?

- YES! As a retiree, your spouse will be offered the option to remain on the County's health insurance plan for the rest of his or her life.

- The cost share percentage that you choose when you retire remains the same for your surviving spouse.

What Is Medicare?

- **Part A (Hospital Insurance)** covers most medically necessary hospital, skilled nursing facility, home health and hospice care. It is free if you have worked and paid Social Security taxes for at least 40 calendar quarters (10 years); you will pay a monthly premium if you have worked and paid taxes for less time. Part A is effective the month in which you turn 65.

- **Part B (Medical Insurance)** covers 80% of most medically necessary doctors' services, preventive care, durable medical equipment, hospital outpatient services, laboratory tests, x-rays, mental health care, and some home health and ambulance services. You pay a monthly premium for this coverage and it is required if you want to receive benefits from your County medical plan.
  - CareFirst BCBS and United Healthcare will process your claims as if you had elected Part B, whether you elect Part B or not. This means significantly lower benefits (or no benefits) if you do not elect Part B.
  - You cannot continue in the Kaiser plan unless you elect Part B and enroll in the Kaiser Medicare Plus Plan.

- **Medicare Part D (Prescription Drug Insurance**) The County's prescription plan works together with Medicare Part D to maintain your current coverage level; this process is administered through SilverScript.
  - You should not elect a separate Medicare Part D plan if you want the County's plan through SilverScript; enrollment via SilverScript is automatic.
  - SilverScript does not apply to Kaiser participants.

When Do You Need to Apply? Medicare Parts A & B:

Generally, you need to apply for Medicare Parts A & B at age 65. The only situations in which you do not need to apply for Medicare at age 65 are:

- If you are still actively employed (post age 65), or
- You are the covered dependent of someone still working with employer-provided insurance.

In these cases, you can apply during a special enrollment period within 3 months prior to or 3 months after either your or your spouse's retirement date.

IMPORTANT: If you do not apply for Medicare when you reach 65 or upon your or your spouse's retirement, you may be charged premium penalties assessed by Social Security.

Medicare Parts A & B:
Part B Premiums Are Based on Income

Part B premiums by income			
If your filing status and yearly income in 2014 was…			
File individual tax return	**File joint tax return**	**File married & separate tax return**	**You pay (in 2016)**
$85,000 or less	$170,000 or less	$85,000 or less	$121.80
above $85,000 up to $107,000	above $170,000 up to $214,000	Not applicable	$170.50
above $107,000 up to $160,000	above $214,000 up to $320,000	Not applicable	$243.60
above $160,000 up to $214,000	above $320,000 up to $428,000	above $85,000 up to $129,000	$316.70
above $214,000	above $428,000	above $129,000	$389.80

Medicare Part D:
SilverScript & IRMAA

Medicare charges high income retirees the Income Related Monthly Adjustment Amount (IRMAA) because the SilverScript Plan is a Part D plan:

If your filing status and yearly income in 2014 was…			**You pay (in 2016)**
File individual tax return	**File joint tax return**	**File married & separate tax return**	
$85,000 or less	$170,000 or less	$85,000 or less	your plan premium
above $85,000 up to $107,000	above $170,000 up to $214,000	Not applicable	$12.70 + your plan premium
above $107,000 up to $160,000	above $214,000 up to $320,000	Not applicable	$32.80 + your plan premium
above $160,000 up to $214,000	above $320,000 up to $428,000	above $85,000 up to $129,000	$52.80 + your plan premium
above $214,000	above $428,000	above $129,000	$72.90 + your plan premium

Basic Life Insurance

- As an active full-time employee, the face value of your Basic Life Insurance policy is one times your annual salary.

- The face value at retirement is calculated:

  Active life ins. amount multiplied by years of service* (up to 20 years) multiplied by 5% (20 x 5% = 100% of active life amount)

  $70,000 x 20 x 5% = $70,000

  *Years of service is the number of years and months that you were eligible for health insurance coverage--NOT credited service used for your retirement calculation.

Basic Life Insurance

- This amount remains the value of your policy for the first 5 years after you retire or at age 65, whichever is earlier.
- Beginning on your 5th retirement anniversary, the value of your policy will reduce by 10% of the initial value; continuing to reduce each year afterwards.
- **BUT**, the face value will never go lower than 25% of the original value:

  $70,000 x 25% = $17,500
- Your policy will reduce automatically to the minimum value on your 65th birthday, and then the County pays the full premium of your life insurance.

Basic Life Insurance

Here is an example of a life insurance reduction schedule:

7/1/16 = $70,000
7/1/21 = $63,000
7/1/22 = $56,700
9/9/22 = $17,500 At age 65

Note: 65th birthday is 9/9/22 so reduction to 25% would occur on 65th birthday.

Imputed Income

For Basic Life Insurance above $50k

- Imputed income affects the amount of Basic Life Insurance above $50,000.
- If you receive County-provided Basic life insurance with a value equal to or greater than $50,000 in any given year, the value of the coverage is considered imputed income and is taxable income to you.
- For more information, visit: http://www.montgomerycountymd.gov/HR/Resources/Files/Benefits/Imputed_Income_Retiree_BasicLife.pdf

Optional Life Insurance

- You may continue Optional Life insurance into retirement provided your coverage was in effect at the time of retirement.
- The coverage remains the amount in effect at the time of retirement.
- The cost is 100% retiree paid.
- Coverage ends at age 70 for Represented and IAFF.
- Coverage continues for Unrepresented and FOP; reduces to 50% at age 70, then to 25% at age 75.
- Coverage may be converted to an individual policy through the Minnesota Life Insurance Company.

Dependent Life Insurance

- You may continue Dependent Life insurance into retirement provided your coverage was in effect at the time of retirement.
- The coverage remains the amount in effect at the time of retirement.
- Option 1 is 75% retiree paid; Options 2 and 3 are 100% retiree paid.

Option 1:	$2,000 eligible spouse/$1,000 unmarried children under age 26
Option 2:	$4,000 eligible spouse/$2,000 unmarried children under age 26
Option 3:	$10,000 eligible spouse/$5,000 unmarried children under age 26

Moving out of state?

Kaiser is not available nationwide, so participants must elect either United Healthcare or one of the CareFirst BCBS POS Out-of-Area Plans (High or Standard Option). Also, because Kaiser includes prescription drug coverage, Kaiser participants must elect one of the separate Caremark Prescription Plans (High or Standard Option).

The **CareFirst BlueCross BlueShield (BCBS) Point-of-Service (POS) offers a nationwide component plan** called "CareFirst BCBS POS Out of Area." It provides in- and out-of-network benefits if you reside outside the POS network service area. Enrollment in the Out of Area Plan is automatic for retirees who move/reside outside the POS network service area.

United Healthcare is available nationwide, so participants do not need to do anything to continue the same coverage.

IMPORTANT: Any changes to your health insurance must be made **within 60 days of your move** by completing a Retiree health Insurance Election Form, available online at www.montgomerycountymd.gov/hr.

Benefits Reminders

- You are responsible for your benefits!
- Read the materials handed out today.
- Read materials mailed to your home and let us know if you move by completing a Retiree Personal Data Form, available online through the Benefits section of the OHR website.
- Keep copies of all paperwork for your own records.
- Review deductions on your pension check.

How to Contact Us

If you have questions that cannot be answered by browsing our website or calling a plan provider on the Health Insurance Contacts list, please contact the OHR Health Insurance Team through MC311 by dialing 311 or 240-777-0311 locally, or toll-free at 1-877-613-5212.

Legal Information

The County expects to continue its **health insurance plans**, but it is the County's position that there is no implied contract between employees and the County to do so, and the County reserves the right at any time and for any reason to amend the terms of the plans or terminate the plans, subject to the County's collective bargaining agreements. The County may also amend the plans at any time, either prospectively or retroactively, as required by federal law.

Thank you

We hope you have enjoyed learning about your retiree health insurance package. Thank you for allowing us to serve your health insurance needs.

OHR Health Insurance Team