



THE UNIVERSITY *of* TENNESSEE

KNOXVILLE, CHATTANOOGA, MARTIN, TULLAHOMA, MEMPHIS

# Retiree Health Insurance Information 2009

## GROUP MEDICAL INSURANCE AFTER RETIREMENT

### **Continuation Eligibility**

If you qualify under the State of Tennessee's Insurance Committee rules, you may continue insurance coverage for yourself and your dependents into retirement. These are **not** the eligibility rules under which you qualified for retirement. The State's insurance continuation rules are that you must not yet be Medicare eligible (typically at age 65) when you retire and you meet one of the following three tests:

Eligible retirees must have at least ten years of employment to continue insurance coverage. Accumulated unused sick leave may be counted. Military service that did not interrupt employment, educational leave, leave of absence, or service with a local government agency cannot be counted.

The eligibility guidelines for continuation of insurance coverage are as follows:

- Ten years of employment with the state or a participating local education agency, must be age 55 **and** at least three years of insurance coverage in the plan immediately prior to retirement. The date of retirement must immediately follow the employee's date of final termination from employment.
- At least 20 or more years of employment with the state or a participating local education agency, must be age 55 **and** at least one year of insurance coverage in the plan immediately prior to retirement. The period of time between the employee's final termination date and the retirement date may be up to five years.
- Twenty-five years of employment with the state or a participating local education agency **and** one continuous year of insurance coverage immediately prior to retirement. The one-year and three-year participation requirement will be waived if the local education agency has not participated in the plan for that length of time.

The reference to the **Plan** is the State of Tennessee Group Basic Medical Insurance Plan including the three options (Preferred Provider Organization, Health Maintenance Organization or Point of Service) for providing coverage.

### **Coverage For You and Your Eligible Dependents Until Medicare Eligible**

You may continue the State of Tennessee group medical insurance with the same provisions, except life insurance, as your current policy until you are Medicare eligible. Medicare eligibility is typically at age 65, but can occur due to a variety of medical circumstances at any age. If you are enrolled in Family Coverage at the time you retire, you may continue this coverage for your spouse until he/she is Medicare eligible and for your eligible dependents until they are no longer eligible for coverage due to age or status or Medicare eligibility.

You may also continue the life insurance portion of your group medical policy by converting this to an individual plan at the time of retirement.

### **Options While Continuing Insurance**

This group medical coverage includes the same plan options (PPO, HMO and POS) that you currently have with a choice during the annual enrollment period every fall (October 15<sup>th</sup> – November 14<sup>th</sup>) to change among options for the upcoming year.

### **Insurance Cost and State Contribution**

The State of Tennessee makes a monthly contribution for you, as a State retiree, to continue your insurance coverage. As an active employee, the State through the University pays 80 percent of the total insurance premium. The amount of the contribution for continuation of insurance as a retiree is based upon your retirement creditable years of Tennessee employment. Only actual service in the State of Tennessee and creditable service for unused sick leave accrued while employed by the State will count for insurance purposes. If you become Medicare eligible before your spouse, your years of service will continue to be used to calculate the premium he/she will pay.

### **What Happens to My Medical Insurance If I Become Disabled?**

If you become totally and permanently disabled while covered under the PPO medical plan, you (as a former employee) may continue health coverage, for that condition only, for one year at no cost. Coverage is not provided for any other injury or illness and is in lieu of any other option offered by the state group insurance program. To be granted a waiver of premium you must apply to the Division of Insurance Administration. You must request this continuation option within one month of your termination date. If you completed at least five years of service, you may be able to continue health coverage beyond one year if you are determined to be totally and permanently disabled in accordance with the TCRS medical review panel or submission of an award letter from Social Security Administration and are covered under the state group insurance program at the time the disabling injury or illness occurred. **If you remain disabled for a period of two years and become eligible for Medicare Part A and B, you are required to purchase Part B. Medicare will become primary at this time. Your coverage through the state will become secondary.** The state coverage will remain primary for a period of 30 months if diagnosed with end-stage renal disease. You will remain eligible for the state coverage until you become eligible for Medicare due to age.

### ***Medigap after Medicare Eligible***

Once you become Medicare eligible, and you are retired, your primary insurance will be Medicare Part A (Hospital), Part B (Medical) and Part D (Prescriptions), and you may **not** continue the State's basic group health insurance. At that point, the State offers *Medigap*, a Medicare supplement insurance, which may pay many of the expenses that Medicare will not pay.

### **Medicare Costs**

As an active employee, you pay 1.45 percent of covered salary for FICA: Medicare. This contribution as an active employee entitles you to coverage in Medicare Part A (Hospital Group

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Insurance) beginning at age 65 at no cost. You may start Medicare Part A when you reach age 65 even if you continue to work and use it as a co-insurance to our group plan. Coverage in Medicare Part B (Supplementary Medical Insurance) and Medicare Part D (Prescription Drug Plan) is optional, and you may elect to enroll without penalty within 30 days of retirement if you work past age 65 or within 30 days of attaining age 65 – if you retire before age 65.

Part B (Medical Insurance) Monthly Premium 2009

<u>If Your Yearly Income Is:</u>		<u>You Pay</u>
<u>File Individual Tax Return</u>	<u>File Joint Tax Return</u>	
<u>\$85,000 or below</u>	<u>\$170,000 or below</u>	<u>\$96.40</u>
<u>\$85,001- \$107,000</u>	<u>\$107,001 - \$214,000</u>	<u>\$134.90</u>
<u>\$107,001 - \$160,000</u>	<u>\$214,001 - \$320,000</u>	<u>\$192.70</u>
<u>\$160,001 - \$213,000</u>	<u>\$320,001 - \$426,000</u>	<u>\$250.50</u>
<u>Above \$213,000</u>	<u>Above \$426,000</u>	<u>\$308.30</u>

The current rate for Medicare Part D is approximately \$37.00 per month for the calendar year 2009. Medicare is an individual policy, so both you and your spouse will need to participate in, and pay for, the Part B and D coverage.

For additional help with selecting the Medicare Part D (prescription coverage) you may contact Tennessee's State Health Insurance Assistance Program (SHIP) at 1-877-801-0044. They provide free and objective counseling and assistance with questions or problems regarding Medicare and other related health insurances.

***The Tennessee Plan:***

The State of Tennessee offers The Tennessee Plan to retired state employees and their eligible spouses and dependents. Individuals with Medicare coverage will likely need The Tennessee

Plan to help cover some of the expenses that Medicare does not. This coverage helps fill most of the coverage gaps that Medicare creates. The Tennessee Plan is a standard Medicare supplemental policy comparable to Medicare Supplemental Plan D.

Any retired state employee receiving a monthly retirement allowance from the Tennessee Consolidated Retirement System (TCRS) or higher education optional retirement plan who is eligible for Medicare Part A may apply for coverage under this plan.

Individuals who qualify and enroll for coverage within 60 days of their initial eligibility cannot be denied coverage because of age or health. The Tennessee Plan offers quality coverage at lower group premium rates. Since the premiums are not based on age, they will not increase just because you get older.

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This Tennessee Plan will coordinate with expenses paid by Medicare. In addition the Plan pays for the following:

- Part A Deductible
- Additional Days of Hospital Care (100% of remaining charges)
- Additional Days of Skilled Nursing Facility Care (up to 80 additional days per period)

Other Medical Services including:

- Oxygen and related equipment
- Services of independent physical, speech or occupational therapist

Prescription drugs are not covered under the Tennessee Plan and all supplemental plan members are encouraged to enroll in Medicare Part D for prescription drug needs. Insurance companies and other organizations are authorized by Medicare to offer pharmacy benefit plans.

### ***Medigap Rates and State Contribution Towards Medigap Coverage***

The State of Tennessee makes a monthly contribution for State retirees toward the cost of the Medigap insurance program based upon your years of Tennessee employment. Only actual service in the State of Tennessee and creditable service for unused sick leave accrued while employed by the State will count for Medigap insurance purposes. Once your spouse becomes Medicare eligible, he/she will be eligible for the Medigap program, but the State does not make a monthly contribution for your spouse's Medigap premium.

The State of Tennessee makes their contribution toward the State Medigap plan offered. They will not make payments to other Medicare supplement plans with other companies, nor will they make a payment to the retiree for them to use for other insurance plans.

### **Continuation of Dental Insurance at Retirement**

You will be able to continue dental coverage under the Consolidated Omnibus Budget Reconciliation Act, a federal law referred to as COBRA. This law allows employees and eligible dependents whose medical or dental insurance would otherwise terminate, to continue the same benefits for specific periods of time under certain conditions. The Benefits Administration will send a COBRA notification packet to your home at the address on file within 7-10 days after your coverage has terminated because of your qualifying event (retirement). You or your eligible family member will then have 60 days from the date of the COBRA notification packet to return your application to Benefits Administration. Coverage will be reinstated immediately if premiums are returned with the application. Please make sure your correct home address is on file with your agency benefits coordinator. If you do not receive your notification letter within 30 days after your insurance terminates, you should contact Benefits Administration.

**Continuation of Long Term Care at Retirement**

Retiring employees who wish to continue their long term care insurance must contact MedAmerica Insurance Company directly and speak to a representative. Please call their Customer Service at 1-866-615-LTCi (5824) to convert the policy to an individual plan. **Otherwise, you will not have long term care insurance.**

**Continuation of Long Term Disability Coverage at Retirement**

Employees may not convert their long term disability coverage at retirement. Your coverage will cease at the end of the month of retirement.

**Continuation of Life Insurance at Retirement**

Retiring employees who wish to continue their life insurance must contact the State’s Life Insurance Carrier directly and convert the policy to an individual plan. **Otherwise, you will not have life insurance.**

Optional Universal Life or

Optional Term Life Insurance	UnumProvident	1-866-298-7636
Basic Life Insurance	Fort Dearborn	1-800-348-4512
Long Term Care	MedAmerica	1-866-615-5824

**Disability Retirement – Continuation of Life Insurance – Waiver of Premium**

If an employee becomes totally and permanently disabled before the age of 60 and remain disabled for nine consecutive months, they may be able to continue their basic term life, optional term life or optional universal life on yourself and your covered dependents until you turn 70 by filing for a Waiver of Premium. The life insurance companies determine whether your disability is considered total and permanent. To be granted a waiver of premium you must apply to the Life Insurance Company.

**State Retiree Monthly Health Insurance Premiums  
(Rates Effective 1/1/2009) - - Under 65 Coverage**

		<b>YEARS OF SERVICE</b>		
		<b>30 years or more</b>	<b>20-29 years</b>	<b>less than 20 years</b>
BlueCross BlueShield PPO	Single or Spouse Only	101.53	152.29	203.06
	Family	253.48	380.22	506.96
	Dependents Only	151.95	227.93	303.90
Cigna HMO - Memphis	Single or Spouse Only	96.08	144.12	192.16
	Family	239.59	359.38	479.18
	Dependents Only	143.51	215.26	287.02
Cigna HMO - Nashville	Single or Spouse Only	95.61	143.41	191.21
	Family	239.35	359.03	478.71
	Dependents Only	143.74	215.62	287.50
United HMO - East	Single or Spouse Only	96.17	144.26	192.35
	Family	240.12	360.18	480.24
	Dependents Only	143.95	215.92	287.89
Cigna POS	Single or Spouse Only	97.38	146.07	194.76
	Family	243.13	364.70	486.27
	Dependents Only	145.75	218.63	291.51

**Dental Coverage Monthly Premiums  
(Rates Effective 1/1/2009)**

**COBRA PARTICIPANTS**

**Prepaid Plan**

Employee	9.08
Employee plus one dependent	16.10
Employee plus two or more dependents	22.13

**Preferred Dental Option**

Employee	19.16
Employee plus one dependent	36.32
Employee plus two or more dependents	57.69

**The Tennessee Plan Benefit Summary**

<b>MEDICARE GAPS FOR 2009</b> What you owe after Medicare pays	<b>THE TENNESSEE PLAN</b> Benefits
BASIC BENEFITS \$267/day for 61-90 days in hospital \$534/day for 60 lifetime reserve hospital days \$20% patient's share of approved medical expense First 3 pints of blood	Covered
SKILLED NURSING COINSURANCE \$133.50/day 21st-100th day	Covered
PART A DEDUCTIBLE \$1,068/hospital admission	Covered
PART B DEDUCTIBLE \$135/calendar year for medical expenses	Not Covered
PART B EXCESS Medical expense over approved amount	Not Covered
FOREIGN TRAVEL EMERGENCY Emergency care beginning during first 60 days of trip outside USA (after \$250 deductible, benefits limited to \$50,000/lifetime)	Covered at 80%
AT HOME RECOVERY Up to \$40/visit (limited to 7 visits/week and \$1,600/calendar year)	Covered
PRESCRIPTION DRUGS Outpatient prescription drugs covered through Medicare Part D	Not Covered

**2009 Medicare Supplement Monthly Premiums - - Over 65 Coverage**

Base monthly premium	\$120	
	State Support	You Pay
30+ years of service	\$50.00	\$ 70.00
20-29 years of service	\$37.50	\$ 82.50
15-19 years of service	\$25.00	\$ 95.00
less than 15 years	\$0.00	\$120.00
dependents (spouse)	\$0.00	\$120.00
local education support staff	\$0.00	\$120.00
local government	\$0.00	\$120.00