

State Universities Annuitants Association



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Mini Briefing

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From the number of emails and calls that SUAA is receiving there has been a decision to begin this Mini Briefing with basic information! This basic information is important in order to help our readers moving forward. First and most important - SUAA is working to keep you informed. SUAA did not negotiate or participate in any of these changes that are being made to the retirees' health insurance. SUAA was opposed to all legislation and the negotiated changes that led to this point. Again, our efforts are to inform you of what is coming and help you navigate through the health insurance changes.

Second, because the HMO and PPO Medicare Advantage Plans are not available yet, there continues to be many unanswered questions. SUAA wanted to make sure all retirees were made aware of the changes coming forward. Again, our responsibility is to keep you informed . . . More questions can be answered as soon as the content of the new State sponsored Medicare Advantage Plans are available.

Everyone who has retired from a community college, a State supported university, the State of Illinois and the downstate public schools could be affected by the State's decision to move eligible retirees to a State sponsored Medicare Advantage Plan unless of course you are **NOT** Medicare eligible; **NOT** old enough to receive Medicare; or, **NO longer** covered by the State health insurance, CIP or TRIP.

Other circumstances that make you **ineligible** are:

- 65th birthday on or after October 1, 2013. Eligibility for the Medicare Advantage plan will begin January 2015.
- If the SURS/SERS/TRS member is on Medicare and has a dependent spouse that is younger than Medicare age then the retiree's health insurance plan does not change until the dependent reaches Medicare age. CMS will not separate the family.
- If the SURS/SERS/TRS member is not Medicare age and has a dependent spouse who is Medicare age then the health insurance does not change for either until the SURS/SERS/TRS member reaches Medicare age. Again, CMS will not separate the family.
- If you are not age-eligible for Medicare; including those who are Medicare age ineligible due to the inability to contribute to Medicare while working.
- If one or more of your dependents includes a child that has not yet reached the age of 26.
- You no longer live in the United States or you live part of the time in the States and part of the time in another country.

Medicare age retirees affected:

The State Universities Retirement System (SURS) annuitants are those who retired from service at a community college and State supported universities. University retirees' health insurance is provided by the State of Illinois - State Employees' Group Insurance Program; Community College retiree health insurance is provided by the College Insurance Program known as CIP. Not SURS. SURS deducts payments for your health insurance from your annuity checks.

The Teachers Retirement System (TRS) annuitants who retired from the downstate public school systems are covered by the Teachers Retirement Insurance Plan known as TRIP. TRS deducts payments for TRIP health insurance. Pension system is not responsible for this health insurance plan either.

The State Employees Retirement System (SERS) annuitants who retired from the State of Illinois are covered under the same health insurance plan as the university retirees - State Employees' Group Insurance Program. SERS only deducts the cost of the insurance plan. SERS is not responsible for this health insurance plan.

As an FYI, there is not a need to discuss the General Assembly's Retirement System (GARS) or the Judges Retirement System (JRS). However, both of these retirement system retirees are covered by the State Employees' Group Insurance Program.

A correction from the October 9th *Mini Briefing* - **Copies** of dependent verification documents **ARE permitted** to be submitted to HMS. Make sure you either white out or black out financial information.

Something else you need to know - if you are downloading the information to HMS, HMS requires the documents to be (1) PDF or JPEG and (2) less than 5 MB in size.

You can also FAX your information to 1.877.223.8478 (HMS Employer Solutions' toll-free fax number) instead of using the US Postal Service.

It is important for you to make calls to your health care providers - doctors, clinics and hospitals - to find out if any or all accept Medicare Advantage Plans.

It has been stated that only 3 to 5% of doctors, clinics and hospitals do not accept Medicare Advantage Plans. However, this is not true. It is 3 to 5% of doctors, clinics and hospitals across the nation that do not accept Medicare. This is quite a difference. Make the calls. You can find this important piece of information out before the State sponsored Medicare Advantage Plan is available. If Medicare is not accepted neither will Medicare Advantage be accepted. However, if Medicare is accepted this does not mean that Medicare Advantage is. No one can make those calls but you. Know what is available to you. SUAA, SURS nor CMS will be making those calls for you.

For CIP members - the following piece of information is extremely important. You might have missed it in the October 9th *Mini Briefing*. Here it is again:

What if I don't make a change or send in an enrollment form?

Members who do not send a completed enrollment form to their retirement system by the due date of **December 6th**, will not be enrolled in one of the State-sponsored Medicare Advantage plans, nor will they remain in their current health plan. These members will have original Medicare coverage only. If the member is a state retiree, they may enroll in a State-sponsored Medicare Advantage plan during a future fall enrollment period and would have coverage effective the following January. **Members who are retired teachers and community college employees who do not complete and return the enrollment form will not be allowed to re-enroll in the TRIP or CIP plan at any time in the future.**

Your choices are to accept the State sponsored Medicare Advantage Plan or purchase a Medigap Plan from a private sector insurance company.

Why December 6th? The December 6th deadline is a "hard date" because of the Medicare enrollment period concluding on that date. The names of the people who have enrolled in the State sponsored Medicare Advantage Plan will need to be turned in to Medicare to make sure all enrollees are eligible.

Know these terms (provided by Wikipedia) - Or go to <http://www.medicare.gov/> the official Medicare Website.

- In the United States, **Medicare** is a national social insurance program, administered by the U.S. federal government since 1965, that guarantees access to health insurance for Americans aged 65 and older and younger people with disabilities as well as people with end stage renal disease (Medicare.gov, 2012) and persons with Lou Gehrig's disease. As a social insurance program, Medicare spreads the financial risk associated with illness across society to protect everyone, and thus has a somewhat different social role from for-profit private insurers, which manage their risk portfolio by adjusting their pricing according to perceived risk.

Medicare offers all enrollees a defined benefit. Hospital care is covered under Part A and outpatient medical services are covered under Part B. To cover the Part A and Part B benefits, Medicare offers a choice between an open-network single payer health care plan (traditional Medicare) and a network plan (Medicare Advantage, or Medicare Part C), where the federal government pays for private health coverage. A majority of Medicare enrollees have traditional Medicare (76 percent) over a Medicare Advantage plan (24 percent). Medicare Part D covers outpatient prescription drugs exclusively through private plans or through Medicare Advantage plans that offer prescription drugs and in some cases are owned by pharmacies.

- **Medigap** (also **Medicare supplement insurance** or **Medicare supplemental insurance**) refers to various private supplemental health insurance plans sold to Medicare beneficiaries in the United States that provide coverage for medical expenses not or only partially covered by Medicare. Medigap's name is derived from the notion that it exists to cover the difference or "gap" between the expenses reimbursed by Medicare and the total amount charged.
- **Medicare Advantage (MA)** is a United States health insurance program of managed health care (Preferred Provider Organization (PPO) or Health maintenance organization(HMO)) that serves as a substitute for "Original Medicare" Parts A and B Medicare benefits. Medicare Part A provides payments for in-patient hospital services excluding those of physicians and surgeons. Part B provides payments to physicians and surgeons, as well as for medically necessary outpatient hospital services (such as ER, laboratory, x-rays and diagnostic tests) and certain durable medical equipment and supplies. Original Medicare claims payments are processed

through the Centers for Medicare and Medicaid Services ("CMS"). In contrast, Medicare Advantage is offered by commercial insurance companies and HMO and PPO corporations, who receive compensation from the federal government, but do not process claims through the CMS. Most Medicare Advantage plans (sometimes referred to a "Part C") include the Part D prescription drug benefit plan, and are known as a Medicare Advantage Prescription Drug plan or "MAPD."

This next section is dedicated to questions sent to SUAA. If your question is not answered, please do not send it again as it is taking a bit of time to work through the number of questions that have been sent. Another set of questions will be answered by Tuesday.

1. **What is the status of the proposed legislation that forces a person to choose between health insurance and a 3% Automatic Annual Increase (COLA)?**

This is SB2404. Thus far, the legislation has not passed. It has been re-referred to Rules Committee. This does not mean that it is dead.

2. **My wife and I are both covered by Medicare. We also have HMOs with Coventry, she through TRS and me through SURS. Will we have to replace those plans with one of the plans listed in the *Mini Briefing*?**

Yes, or purchase a Medigap policy through a private sector insurance company.

Note: Health insurance is not provided by the pension systems. The pension systems deduct health insurance costs from either your salary or pension checks. Central Management Services (CMS) is responsible for the health insurance plans.

3. **My husband and I will be 65 in February 2014 and don't fall into the time frames listed in the *Mini Briefing*. What should we do at this point? (question comes from a community college employee getting ready to retire).**

You should both enroll in Medicare. You will not be eligible for the State sponsored Medicare Advantage Plan until January of 2015. Until then, you will be eligible for the College Insurance Program (CIP).

4. **I have been registered for Medicare for 12 years (presently 77 years old) and with my SURS retirement I have had Blue Cross/Blue Shield HMO as a supplemental to my primary Medicare Insurance. My question is: Will I have to choose and register for one of the four programs approved by CMS to replace my present BC/BS HMO?**

Simply put – yes, or purchase a Medigap Plan from a private sector insurance company. The availability of the HMO plans being offered will depend on your location in the State. The PPO is nationwide.

5. **Does the State sponsored Medicare Advantage Plan cover out-of-State or out-of-country members?**

The Plan will cover out-of-state if the United Health Care Plan is chosen as it is a PPO, but it is limited to nationwide. A person who travels out of the country would need to purchase

additional coverage under the State sponsored Medicare Advantage Plan.

6. What is the cost of the State sponsored Medicare Advantage Plan?

University and State retirees only - Initially it is the cost of Medicare Part B and 1% of your pension. July 1, 2014 the cost will increase to 2% of your pension. However, the cost to you cannot be more than the plan itself. So some members could receive a refund.

The cost for **CIP** and **TRIP** has not been announced yet. We are looking for that information to be available to us by October 17th. We have been told that the cost should be lower than what CIP and TRIP members are paying now. At this time, CIP pays 25% of their premium cost.

Co-pays, deductibles and other out-of-pocket costs will need to be considered going forward.

Paying deductibles up front (some patients are required to do this) should be a consideration, as well as, having to pay towards your claims while the State is delayed. Payment of claims will continue for the foreseeable future.

Your life, vision and dental insurance will continue as it is now under the State sponsored Medicare Advantage Plan. Pharmaceutical coverage remains intact.

7. Can I stay on my current plan?

Only if you can qualify under the conditions outlined on page one of the *Mini Briefing*.

More questions and answers will be forthcoming. So, if you did not find your answer, please do not resubmit. We are doing our best to get to your question.

We were provided this information late last night from CMS -

We have been told by SERS that a woman by the name of Ashley Peel has been contacting state retirees and telling them that she is a field rep for American Republic Insurance Services and was contracted to explain the upcoming Medicare Advantage plans for State of Illinois. She may well be a field rep, but she was not hired by us to explain our products.

Please help us spread the word to retirees that this is not a legitimate contact.

Check out this report from the Commission on Government Forecasting and Accountability:
[Teachers' Retirement Insurance Program and the Community College Insurance Program](#)

There will be a Commission on Government Forecasting and Accountability hearing at 8:30 on October 23, 2013. Central Management Services will be asked questions regarding the changes to retiree health insurance. SUAA has been asked to submit questions.

Dan Long, the executive director of the Commission on Government Forecasting and Accountability will be the luncheon speaker at SUAA's Fall Board of Directors meeting being held on October 29 in Normal.

Enjoy the weekend! Maybe this next week will provide us a look at the State sponsored Medicare Advantage Plan allowing more knowledge for those hard decisions related to health insurance.