

# State Universities Annuitants Association



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## Mini Briefing

August 30, 2013

### **State Retirees Will See New Changes To Health Insurance Beginning January 1, 2014**

**(College Insurance Program and Teachers Retirement Insurance Program  
will also be affected as meetings will begin in October that provide  
alignment with the proposed Medicare Advantage Plan)**

On July 1, 2013 university retirees found an imposition of health insurance premiums - 1% or 2% ( will change again to 2% or 4% as of July 1, 2014) of their pension per month depending on their Medicare eligibility. Retirees with less than 20 years also found an increase to their premiums including those who signed a contract agreeing to the provisions of the Irrevocable Election of July 30, 1999. These changes were the result of PA 97-0695 (SB1313) signed into law on June 21, 2012.

Much confusion has arisen due to the letters being sent to the mass of retirees. **Not all retirees are receiving all letters as the communication is dependent upon individual circumstances.**

**Letter 1** dated August 1 asked for participants enrolled in any one of the State of Illinois Insurance Programs to provide proof of Medicare eligibility. Not all Medicare recipients received this letter as Central Management Services (CMS) was only looking for those whose Medicare information was not on file. Not complying to this request may result in termination of the annuitants group health insurance benefits. Note: no compliance date was included. However, receipt of this particular letter requires a reply from recipient to CMS/Medicare COB Unit; 801 S. 7th Street; Springfield, IL 62794-9208.

**Letter 2** dated August 8 provides an incentive to Medicare ineligible annuitants, full-time employees, and survivors to Opt Out of the State's health insurance plan. The financial incentive is \$500 per month with 20+ years of service; \$150 per month for less than 20 years of service. Opt out is available until September 30, 2013. The form can be found on the [CMS](#) website. This incentive could be beneficial to those who have spouses with health insurance coverage at their work place; not associated with the

State Health Insurance. Other instances could apply also such as the possibility of Medicare age but not Medicare eligible could accept the \$500 to buy Medicare Part A. However, each person needs to weigh this incentive closely. **This incentive is not available to the College Insurance Program or to the Teachers Retirement Insurance Plan enrollees. This Opt Out was sent to those who are under age 65. Another letter will be sent out later for those 65 and over. The same considerations should be thought through.**

**Letter 3** dated August 22 is a an audit of dependents covered under the health insurance plans. This requires health insurance plan participants (currently employed, retired and survivors) to provide certified proof of dependent(s) to identify the relationship of the dependent to the plan participant in order for health insurance coverage to continue. Plan participants must provide the front page of their 2012 IRS tax return and at least one other identifying document such as a 2012 property tax statement or a recent bank statement showing both names of husband and wife. Identifying dependent children would require other types of documentation. Verification is required to be sent to HMC (an independent audit company - responding address is included in letter) by September 21, 2013. Not all letters will be received in the same time frame. There were to be approximately 3 timed mailings. It is evident that the university folks have already received their letters. Other pension system letters are forthcoming.

**Addendum - the audit will be done from August 22nd through the end of the year. So for those of you who have dependents and have not received a letter, yours most likely is coming sometime before the end of December.**

New changes to come:

Central Management Services (CMS) is committed to offering a State-sponsored Medicare Plan (Medicare Advantage) to retirees beginning October 15, 2013. Such plan is scheduled to be implemented on January 1, 2014.

Those who are currently enrolled in the Federal Medicare Plan will have the option to continue under this plan or enroll in the State-sponsored Medicare Plan (Medicare Advantage). If the current Federal Medicare enrollee would like to continue then said person would need to reply to the Opt Out letter for the State-sponsored plan. This

letter must be responded to as there is no default plan assumed. At this time the Opt Out letter has not been mailed to qualifying persons.

Continued enrollment in Federal Medicare Plan removes an annuitant from any associated State -sponsored health insurance including dental and eye care. Thus, allowing annuitants the freedom to seek supplemental health insurance from the private sector health insurance companies.

In order to assist qualifying members, SUAA will offer a Medicare supplemental insurance portal so people can shop for such plans without the fear of receiving unwanted offers in the mail. While there is no obligation to use this portal, SUAA believes it will be a benefit many of you will want to take advantage of before deciding to continue to with Federal Medicare or switching to the State-sponsored Medicare Plan (Medicare Advantage).

#### What a Medicare eligible person should know:

"A Medicare Advantage Plan is a type of Medicare health plan offered by a private company that contracts with Medicare to provide you with all your Part A and Part B benefits. Medicare Advantage Plans include Health Maintenance Organizations, Preferred Provider Organizations, Private Fee-for-Service Plans, Special Needs Plans, and Medicare Medical Savings Account Plans. If you're enrolled in a Medicare Advantage Plan, Medicare services are covered through the plan and aren't paid for under Original Medicare. Most Medicare Advantage Plans offer prescription drug coverage." (copied from the Federal Medicare website.)

"Medicare is the federal health insurance program for people who are 65 or older, certain younger people with disabilities, and people with End-Stage Renal Disease (permanent kidney failure requiring dialysis or a transplant, sometimes called ESRD)." (copied from the Federal Medicare website.)

The proposed State-sponsored Medicare Plan (Medicare Advantage) will not be 100% similar to Medicare. However, it is intended to have comparable service through one or more Medicare Advantage HMO's and a nationwide Medicare Advantage PPO coverage at a lower premium cost. The Medicare Part B premium will be included in the cost as well as the current 1% of monthly pension. (Comparable cost is determined by the total out-of-pocket expense.)

Choosing the State-sponsored Medicare Plan does not provide that health insurance claims will be paid on time. In fact, claims will continue to be at least 40 weeks in arrears during the foreseeable future. Out-of-State could be even longer.

As of August 30 the content/coverage of the State-sponsored Medicare Plan has not been made available. There have been no contracts agreed to between responding companies (to the Request for Health Insurance Proposals) and CMS. These proposed

contracts are seemingly still being scored and most likely will be renegotiated even with October as the target date with the January 1, 2014 implementation date.

Most likely the State will no longer provide a supplemental (or carve-out) for the current Medicare enrollees. Therefore, Quality Care (PPOs) health insurance supplemental plans will no longer be available through CIGNA or supplemental HMO plans from most other familiar health insurance companies throughout the State.

There will be two enrollment periods going forward: Open enrollment for currently employed and retired but not Medicare age (May) and open enrollment for those currently retired who are Medicare age eligible (October 15 to December to align with Medicare).

All insurance choices can be reversed during open enrollments or if there is a life changing situation.

All retirees should make sure that Central Management Services (CMS) has your correct mailing address. Otherwise, many retirees will miss pertinent information being provided by CMS and others working to keep everyone knowledgeable during this confusing and changing time period.

Providing information always allows for more questions to come forth. We ask that for those of you who are receiving letters from CMS to please comply with their requests.

For those of you who are aware of people without access to emails, we also ask that you share this information with them. It is imperative that those affected understand the changes and know how to respond.

Included in these described changes are SURS university retirees; SERS retirees; GARS and JARS retirees and in some cases those currently working - audit of dependents; proof of health insurance coverage by another company.

Both Community College Insurance Plan (CIP) and Teachers Retirement Insurance Plan (TRIP) will be discussed in October at the latest.

There is an ongoing attempt to provide answers to the many questions being provided by our membership on the SUAA website. However, this will not be available until after Labor Day Weekend.

Enjoy these final days of summer!

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