

Understanding Your Health Plan Options at Retirement

The Department of Human Resource Management (DHRM) administers your health benefits if you enroll in the State Retiree Health Benefits Program. The Virginia Retirement System deducts the premiums from your monthly retirement benefit payment.

If you are eligible for Medicare and want to participate in the State Retiree Health Benefits Program, regardless of your age, you **must** secure both Parts A & B of Medicare and must select a health insurance plan that coordinates with your Medicare benefits (the two plan types available are Medicare-Coordinating Plans and Non-Medicare Plans).

Eligibility

To be eligible to enroll in the State Retiree Health Benefits Program:

- You must start receiving (do not defer) your retirement benefit immediately upon retirement **and**
- You were eligible (even if you were not enrolled) for coverage as an active employee in the State Health Benefits Program until your retirement date **and**
- **You enroll within 31 days of your retirement date.**

Options

As an eligible new retiree, you have several options:

- Continue with the same plan and membership level you had while an active employee (unless you or one of your covered dependents qualify for Medicare, see below)
- Make a plan change
- Reduce your membership level
- Enroll in single coverage in the retiree group
- Waive retiree coverage to participate as a dependent of either an active state employee or another retiree group participant (waiving coverage at this point will not bar eligibility for future coverage)
- Decline coverage and not return to the program

Medicare and the State Retiree Health Benefits Program

If you or a covered dependent are eligible for Medicare, the only way you can maintain coverage under the State Retiree Health Benefits Plan is to enroll in Medicare Parts A & B (Original Medicare), and select a Medicare-Coordinating Plan. Medicare becomes the primary (pays first) and the State Medicare-Coordinating Plan becomes the secondary (pays a supplemental benefit).

New retirees that are eligible for Medicare should contact the Social Security Administration (1-800-772-1213) and Medicare (1-800-MEDICARE) at least three months prior to their retirement date to enroll and to ensure that Medicare is aware of the pending change in employment status, which will affect the distribution of benefits. Also, see the publication, *Understanding Medicare*, for more information on eligibility and enrollment.

If you participate in the State Retiree Health Benefits Program, failure to enroll in a Medicare-coordinating plan and Original Medicare immediately upon your Medicare eligibility will result in retraction of primary claim payments made in error and can result in a gap in coverage (since the state program will not pay for services that would have been made by Medicare had you properly enrolled in Medicare Parts A & B).

For more information, see the brochure on Medicare-Coordinating Plan Options, available at <http://www.dhrm.virginia.gov/hbenefits/retirees/medicarePlanOptions.pdf>.

Prescription Drug Plans for Medicare Eligible Participants

If you are participating in the State Retiree Health Benefits Program in a Medicare-coordinating plan, you must decide whether to get your prescription drug coverage through the state Part D program, or through a separate, non state-sponsored Part D Plan. For more

information on the state-sponsored Part D program, see the brochure on Medicare Coordinating Plan Options, available at <http://www.dhrm.state.va.us/hbenefits/retirees/medicarePlanOptions.pdf>.

The Health Insurance Credit

The health insurance credit is another benefit you may be eligible for. It provides you with a reimbursement to assist with the cost of your health insurance premiums for qualifying health plans. The credit is added to your monthly retirement benefit.

The credit is \$4.00 per month for each year of full-time service (round up your service to the next whole year).

For more in depth information on the health insurance credit, see VRS' page of relevant FAQ, available at <http://www.varetire.org/Retirees/FAQ/RetHealthCred.asp>.

Eligibility

You are eligible for the Health Insurance Credit if you are:

- Retiring with 15 or more years of creditable service **or**
- Retiring on disability **or**
- Receiving a long-term disability benefit through the Virginia Sickness & Disability Program (VSDP).
- * *The Health Insurance Credit does NOT transfer to an eligible member's spouse and/or dependents upon the member's death.*

Qualifying Health Plans

- Medicare Part B coverage;
- Employer-sponsored plans, including the State Retiree Health Benefits Program;
- Dental, vision and prescription drug plans; and
- Any plan that provides a broad range of medically necessary services.

Applying for the Health Insurance Credit

If VRS is deducting your health insurance premium from your benefit, you do not need to apply for the health insurance credit.

If VRS is not deducting your health insurance premium or you have eligible health insurance coverage aside from your employer-sponsored coverage, complete and send the Request for Health Insurance Credit (available at: <http://www.varetire.org/Pdf/Forms/vrs-45.pdf>) to VRS. The credit will be added to your monthly retirement benefit. If you do not receive a monthly benefit, you will receive a check from VRS for the reimbursable amount.

How to Get More Information

- See the Virginia Department of Human Resources page on Retirees at <http://www.dhrm.virginia.gov/customers/retirees.html>.
- See the Virginia Retirement System's page on Insurance in Retirement at <http://www.varetire.org/Retirees/Insurance/Index.asp>.
- For more information on non-Medicare Retiree Health Benefits Options, see <http://www.dhrm.virginia.gov/hbenefits/retirees/nonmedicareretiree.html>.
- If you do not have internet access or a computer, The Rockbridge Regional Library offers public access to the internet from its headquarters library and all four branches.
- Contact Cristina Buccina in Human Resources: buccinacm@vmi.edu or dial ext. 7312.