North Carolina
State Health Plan
FOR TEACHERS AND STATE EMPLOYEES

Understanding Your State Health Plan Benefits at Retirement

March through August 2016

A Division of the Department of State Treasurer

Today's Agenda

- Review of 2016 Plan Options
- Medicare
- Medicare Advantage Plans
- Other Insurance/TRICARE
- Auto-Enrollment at Retirement
- Disability & Medicare
- Re-Employment
- 2016 Outreach Activities

State Health Plan Options for Non-Medicare Retirees

- Traditional 70/30 PPO Plan
- Enhanced 80/20 PPO Plan
- Consumer-Directed Health Plan (CDHP) with a Health Reimbursement Account

State Health Plan Options for Medicare Retirees

- Humana Group Medicare Advantage (PPO) Base Plan
- Humana Group Medicare Advantage (PPO) Enhanced Plan
- UnitedHealthcare Group Medicare Advantage (PPO) Base Plan
- UnitedHealthcare Group Medicare Advantage (PPO) Enhanced Plan
- Traditional 70/30 Plan

Traditional 70/30 Plan – premium free for Medicare Primary members; monthly premium for Medicare eligible spouses and/or dependents.

Base Plan – premium free for primary member; monthly premium for Medicare eligible spouse and/or dependents.

Enhanced Plan – monthly premium for primary member ($66) and Medicare eligible spouse and/or dependents

Original Medicare vs. Medicare Advantage Plans

Step 1
Enroll in Original Medicare when eligible.

ORIGINAL MEDICARE

Part A — Covers hospital stays
+
Part B — Covers doctor and outpatient visits

Government-provided

Step 2
If more coverage is needed, there are additional options.

Option 1

Keep Original Medicare and add:

MEDICARE SUPPLEMENT INSURANCE

Covers some or all of the costs not covered by Parts A & B

Offered by private companies

and/or

MEDICARE PART D

Covers prescription drugs

Offered by private companies

or

Option 2

MEDICARE ADVANTAGE (PART C)

Part C — Combines Parts A & B

Additional benefits

Part D — Most plans cover prescription drugs

Offered by private companies

What is Medicare Advantage (MA)?

- Another Medicare health plan choice. It may be an individual or group product.
  - Members are still considered to be in the Medicare program with same rights and protections as Original Medicare.
- Private companies contracted with Medicare to provide Medicare Part A and Medicare Part B coverage. Many include Part D and are known as a Medicare Advantage Prescription Drug Plan (**MAPDP**).
  - Members enrolled in a Medicare Advantage plan no longer have Original Medicare but instead receive their Medicare benefits from the private company.
- Must cover all services that Original Medicare covers.
- Members **must** have and continue to pay Medicare Part A and Medicare Part B premiums.
- The plans offered were customized by the State Health Plan to provide additional benefits at a lower cost and include an open network.

Medicare Advantage PPO Benefits

Both the Base and Enhanced PPO plans include:

- No deductibles
- Maximum Medical out-of-pocket limits
  - $4,000 – Base Plans
  - $3,300 – Enhanced Plans
- Copayment driven
- Medicare Part D prescription drug coverage
  - No donut hole
  - $2,500 Maximum drug out-of-pocket limit
- Preventive care
- Additional benefits like a nurse help line and SilverSneakers®
- Vision, Podiatry and Hearing benefits

How These Plans Work

- Members will have access to either Humana's or UnitedHealthcare's national network of contracted doctors, hospitals and other health care providers.
- Members can also choose **any** out-of-network doctors and hospitals anywhere in the U.S., as long as they participate in Medicare and accept their chosen plan — **their copays or coinsurance are the same.**
- Non-contracted providers receive the same payment amount as they currently receive under Medicare.
- These PPO plans do not allow balance billing:
  - Out-of-network doctors that do not accept the Medicare fee assignment are able to "balance bill" the health plan for the additional charges.
  - The Group Medicare Advantage health plan will pay the extra charges – not the member.

Medicare Advantage & Other Insurance

- **Enrollment in other insurance coverage may result in disenrollment from our group Medicare Advantage Prescription Drug plans**. If disenrollment occurs the member or dependent (if applicable) would be placed automatically in the Traditional 70/30 PPO plan.
  - Although enrollment in other insurance (other Medicare product) causes disenrollment from the group Medicare Advantage plan, **it does not remove/cancel you from State Health Plan coverage**. It will only remove you from that plan option under the State Health Plan. Member will be placed in the Traditional 70/30 PPO plan.
- If already enrolled in an individual Medicare Advantage or Part D prescription drug plan, member's coverage will terminate when auto-enrolled unless they opt out of these Group Medicare Advantage plans.
- When enrolled in a MAPDP, member can not purchase a Medicare Supplement or Medigap plan without terminating the MAPDP.

TRICARE & Other Insurance

- TRICARE® for Life (TRICARE ® + Medicare) (TFL)
  - TRICARE for Life beneficiaries can enroll in Medicare Advantage plans and TRICARE will reimburse copayments for services covered by TRICARE . TRICARE pays secondary to the Medicare Advantage plan.
  - Members cannot use Medicare or Medicare Advantage in Military Treatment Facilities or VA Facilities.
  - TRICARE beneficiaries have a robust pharmacy benefit and typically don't need additional prescription drug coverage.
- If covered by another Employer Group Health Plan, it is important to check with them before enrolling in one of these Medicare Advantage plans.
  - Many employers and states are now offering Group Medicare Advantage Plans to their retirees.
  - Federal Employee Health Benefit Plans (FEHBP)
  - Other former employer retiree group health plans

Traditional 70/30 PPO Plan

- Members will still have the option to choose the **Traditional 70/30 PPO plan**
  - Original Medicare is Primary, SHP coverage is secondary
    - Copayments, coinsurance and deductible requirements under the Traditional 70/30 have to be met.
  - Administered by Blue Cross and Blue Shield of North Carolina
  - Includes the Traditional prescription drug coverage
  - Premium free for Medicare Primary qualified members
  - There will be a monthly premium for Medicare eligible spouses and/or dependents

Auto-Enrollment for Medicare Primary Retirees

- Retirees aging into Medicare are automatically enrolled into either Humana or UnitedHealthcare's Group Medicare Advantage Base Plan.
  - 50/50 split between the two companies
- If retiree wishes to select a different plan option other than the one to which assigned, will need to call the Eligibility and Enrollment Support Center at 855-859-0966 or enroll through the eEnroll system.
- May opt out of the State Health Plan. Member can re-enroll during the next Open Enrollment period if they change their mind.

Enrollment Guidelines - *Families*

- Medicare Primary family members stay together.
- If spouse/dependents **<u>are not</u>** Medicare eligible:
  - They have the same options available to active employees/non-Medicare members.
    - Enhanced 80/20
    - Traditional 70/30
    - Consumer-Directed Health Plan w/HRA
- If family members (spouse and/or eligible children) are enrolled under retiree's coverage at time of a retiree's death, family members would be able to retain State Health Plan coverage. If not covered at the time of retiree's death, family members are unable to enroll under the State Health Plan.

Planning to Retire and not yet 65

- They are encouraged to talk with their HBR ahead of time to plan the proper steps.
- Retiring members who are under 65 will be automatically enrolled in the health plan they were enrolled in as an active employee along with any covered dependents.
  - Members may remain on the plan they had as an active employee until they become Medicare eligible (typically at age 65).
- **NOTE**: Auto-enrollment occurs whether or not they were previously enrolled as an active employee.
  - If not enrolled in a plan as active employee, will be auto-enrolled into the Traditional 70/30 as a Non-Medicare Eligible retiree.
- If individual does not want State Health Plan coverage, they will need to opt out of it during the retirement process by calling the Eligibility and Enrollment Support Center at 855-859-0966 or through the eEnroll system.
- Retirees can re-enroll during the next Open Enrollment period if they change their mind.

Approaching 65 and Planning to Continue Working

- Many State Health Plan members continue working after the age of 65.
- The State Health Plan mails a Medicare eligibility letter prior to your 65th birthday. The letter asks to confirm eligibility for Medicare benefits.
  - Recommend enrolling in Medicare Part A
  - Recommend delaying enrollment in Medicare Part B if you remain actively working for the State.*
- The State Health Plan will be primary coverage and Medicare will be secondary as long as still actively working for the State.

**Important Note: When you decide to retire, enroll in Medicare Part B so that it becomes effective the date of your planned retirement.*

Plan to Retire and are 65 or Older

- It is recommended that State Health Plan members submit their retirement paperwork 120 days before their planned retirement date. This will ensure that the necessary communications are sent regarding their health plan options.
- If the retiree has dependents that are non-Medicare Primary, they will be automatically enrolled into the health plan they were enrolled in as an active dependent.
- If retiree does not want State Health Plan coverage, they will need to opt out of it during the retirement process by calling the Eligibility and Enrollment Support Center at 855-859-0966 or through the eEnroll system.
  - **Remember**: Auto-enrollment occurs whether or not they were previously enrolled as an active employee.
- Retirees can re-enroll during the next Open Enrollment period if they have a change of mind.

**The SHP benefit effective date is the first of the month following the retirement effective date. For example: If the retirement date is January 1, then the SHP benefit effective date is February 1.*

Turning 65 and State Health Plan Coverage

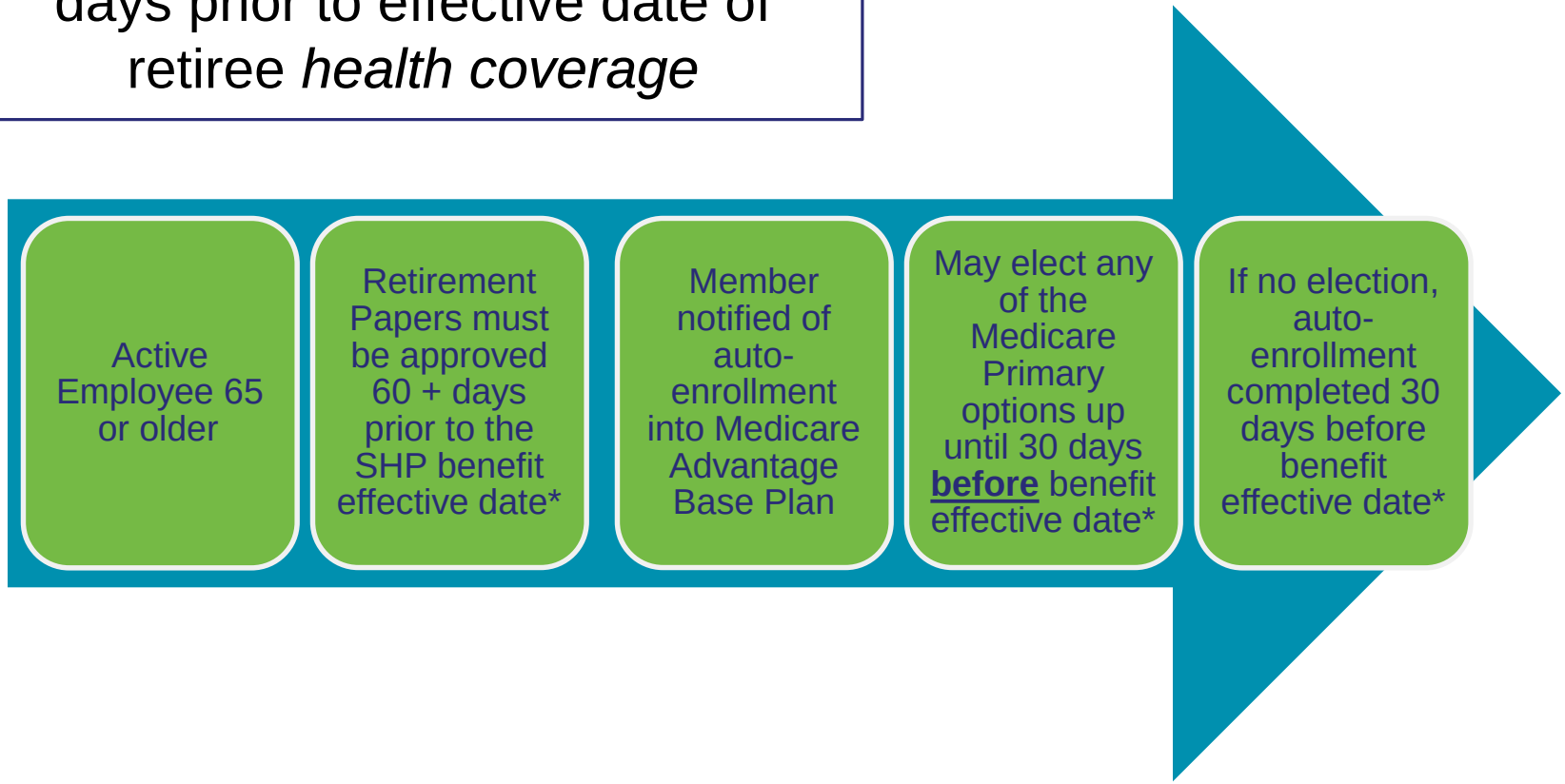
The first month of retirement the retiree remains covered under their active agency.

The SHP benefit effective date is the first of the month following their retirement effective date.

For example: If the retirement date is January 1, then SHP benefit effective date is February 1.

Medicare Primary: New Retirees

Retirement approved at least 60 days prior to effective date of retiree *health coverage*



The SHP benefit effective date is the first of the month following the retirement effective date. For example: If the retirement date is January 1, the SHP benefit effective date is February 1.

Medicare Primary: New Retirees

Retirement approved less than 60 days prior to effective date of retiree *health coverage*

Active employee 65 or older

Retirement papers processed and approved 59 days or less prior to retiree health coverage effective date.

Medicare Advantage Options Not Available

Will be auto-enrolled into the Traditional 70/30 plan 30 days before effective date.

Medicare Advantage Options

Although not auto-enrolled in an MA Plan, members are able to elect an MA plan until the day before their benefit effective date.

Medicare Primary: Retirees/Dependents turning 65 (Age-Ins)

90 Days Prior to Medicare Primary Effective Date

Assigned MAPDP Plan	Notified of assignment and provided with enrollment options

90 - 31 Days Prior to the Effective Date

May elect any of the Medicare Primary options

30 Days Prior to the Effective Date

Locked into assigned/ elected plan	Medicare Primary enrollment sent to appropriate vendor

Contribution Status

Hired Before October 1, 2006	Hired On or After October 1, 2006
5 Years of service **Non-contributory Plan** **You pay 0% premium** **For 70/30 Plan***	**5 < 10 Years of service** **You pay <u>100%</u> premium** **10 < 20 Years of service** **You pay <u>50%</u> premium** **20 Years of service** **You pay <u>0%</u> premium ***

*Partial contribution may be required for other plan options

<u>Remember you will be auto-enrolled into a plan regardless of your contribution status. If you do not want coverage it is necessary to opt out during retirement process by calling 855-859-0966 or going online.</u> Depending on your situation at the time of retirement, you will need to take this into consideration regarding your State Health Plan coverage.

Medicare Parts A and B

- Medicare Part A and Part B must be in effect to be enrolled into a Medicare Advantage Plan.
  - Part A is typically premium free.
  - Part B has a monthly premium. Standard Part B premium is $121.80 per month but depending on income, may be as high as $389.80 per month.

- If retiree has the Traditional 70/30 Plan and they do not elect Part B, SHP will process as if they have it and they will incur greater out-of-pocket costs.

- It is important to enroll in Medicare (Parts A and B) during the 3 months **BEFORE** their 65th birthday. This will allow Medicare to then become effective the first day of their birthday month.

Retirees - Enrolling in Medicare

- If you elected to start receiving Social Security benefits prior to turning 65, you will be automatically enrolled in Medicare. You should receive your Medicare card approximately 60 – 120 days before you turn 65.

- If you are not receiving Social Security benefits, YOU WILL NEED TO TAKE ACTION TO ENROLL IN MEDICARE.
  - May enroll by going to a local Social Security office
  - May enroll by calling Social Security toll-free number
    - 1-800-772-1213 (7 a.m. to 7 p.m.)
  - May enroll online through the Social Security website
    - www.ssa.gov

New Retiree (65 or older) - Enrolling in Medicare

- If you worked beyond 65 and delayed electing Medicare Part B, you will have to take action to enroll into Medicare Part B for retirement.
  - You and the employer providing Employer Group Health coverage will need to complete a Social Security form verifying the coverage.
  - Form(s) will need to be mailed or hand-carried to a local Social Security field office.
  - **Medicare Part B needs to become effective as of your retirement effective date**.

- Required forms may be found on the Social Security website or by calling Social Security.
  - Social Security toll-free number
    - 1-800-772-1213 (7 a.m. to 7 p.m.)
  - Social Security website
    - www.ssa.gov

Income-Related Monthly Adjustment Amount (IRMAA)

- Members with higher income levels are required to pay an adjusted Medicare Part B premium plus an additional amount when enrolled in Medicare Part D prescription drug coverage. The additional amount is called Income-Related Monthly Adjustment Amount or IRMAA.
- Income level based on modified adjusted gross income, which is the total of your adjusted gross income and tax-exempt interest income.
- IRMAA is mandated by Federal law and each amount is deducted from your monthly Social Security payments.
- IRMAA will apply if individual income is over $85,000 or if married (filing joint tax return) income is over $170,000.
- If enrolled in the Group Medicare Advantage plans with Humana or UnitedHealthcare, higher income members may be subject to IRMAA.

2016 Medicare Part D, IRMAA amounts may range from $12.70 to $72.90 per month. IRMAA determination is based on IRS tax return from 2 years ago (2014)

Disability

- If member becomes eligible for Medicare due to disability, it is very important for them to enroll in both Medicare Part A and Medicare Part B.
- Do not overlook accepting Medicare Part B. Many people fail to accept the offer to retroactively purchase Medicare Part B.
- State Health Plan becomes SECONDARY to Medicare as of the Medicare eligibility date.
  - Claims will be reprocessed back to Medicare eligibility date.
  - The State Health Plan will reduce their claims by the amount that would have been paid under Medicare, paying the remaining claim amount under the terms of the health benefit plan.
- **As a result, if they do not enroll in Medicare Part B, they will be responsible for the amount that would have been paid by Medicare Part B**.

Re-Employment and State Health Plan

- General Assembly passed legislation to create a new eligibility category for non-permanent full-time employees to comply with the Affordable Care Act (ACA).
  - Directed State Health Plan to offer a health benefit for “newly eligible” employees that is not greater than the “bronze level” as defined under ACA.
- High Deductible Health Plan (HDHP) created which meets the bronze level requirements.
- Employing units are responsible for determining eligibility for this plan.
  - Includes non-permanent employees who work at least 30 hours per week.
- Employing units are required to cover re-hired state retirees as active employees if they are determined to meet definition of full-time employee.
  - Eligible re-hired retirees are **NOT** eligible for retiree health benefit coverage.
  - Employing units are responsible for determining if re-hired state retirees are eligible to be covered under health benefits options for Active Employees (70/30; 80/20; CDHP) or will only offer the HDHP.
  - Retiree is not required to enroll in HDHP but is no longer eligible for State Health Plan under Retirement Systems.
  - State Health Plan will terminate the retiree from retiree group coverage under Retirement Systems.

Effective July 1, 2015

- A legislative change became effective July 1, 2015, which now allows retirees and surviving spouses to disenroll from the State Health Plan without a Qualifying Life Event.
  - This mean they can drop entirely from the State Health Plan – cannot make changes to coverage type.
- The legislative change also allows retirees and surviving spouses to disenroll their dependents from the State Health Plan during the Plan year without a Qualifying Life Event.
- Coverage under the Plan will end on the earliest of the following dates:
  - Last day of the month in which the State Health Plan approves cancellation of coverage or as soon as administratively possible; or
  - Last day of the month for which a premium is paid in full.
- All other changes must be made during an Open Enrollment Period or with a Qualifying Life Event.

2016 Outreach

- Retiree Open Enrollment Meetings – review of the Medicare eligible plan options available to Medicare eligible retirees – will be held in September and October.
- Open Enrollment mailings will occur in August and September.
- The Open Enrollment Period for 2017 plan year should start during the month of October 2016
- **READ** all mail from the State Health Plan completely.

Meeting Takeaways

- The most important takeaway is to **PLAN AHEAD** for retirement.
- Submit retirement paperwork **120 days** before your anticipated retirement effective date.
- Enroll in Medicare Part A/Part B at least **60 days** before your retirement effective date.
- Medicare needs to be in place and effective as of your retirement effective date if 65 and older at retirement.
- Sign up for the State Health Plan's electronic newsletter, **Member Focus**.
- **READ** all mail from the State Health Plan completely.

Important Numbers

- ELIGIBILITY AND ENROLLMENT SUPPORT CENTER
  855-859-0966
- HUMANA
  800-944-9442
- UNITEDHEALTHCARE
  866-747-1014
- BLUE CROSS AND BLUE SHIELD OF NC (BENEFITS, CLAIMS and HRA)
  888-234-2416
- EXPRESS SCRIPTS (PHARMACY QUESTIONS for Active/Non-Medicare Retirees)
  800-336-5933
- Questions about Medicare enrollment can be answered by the Seniors' Health Insurance Information Program (SHIIP) at **855-408-1212**

Thank You!

Questions?

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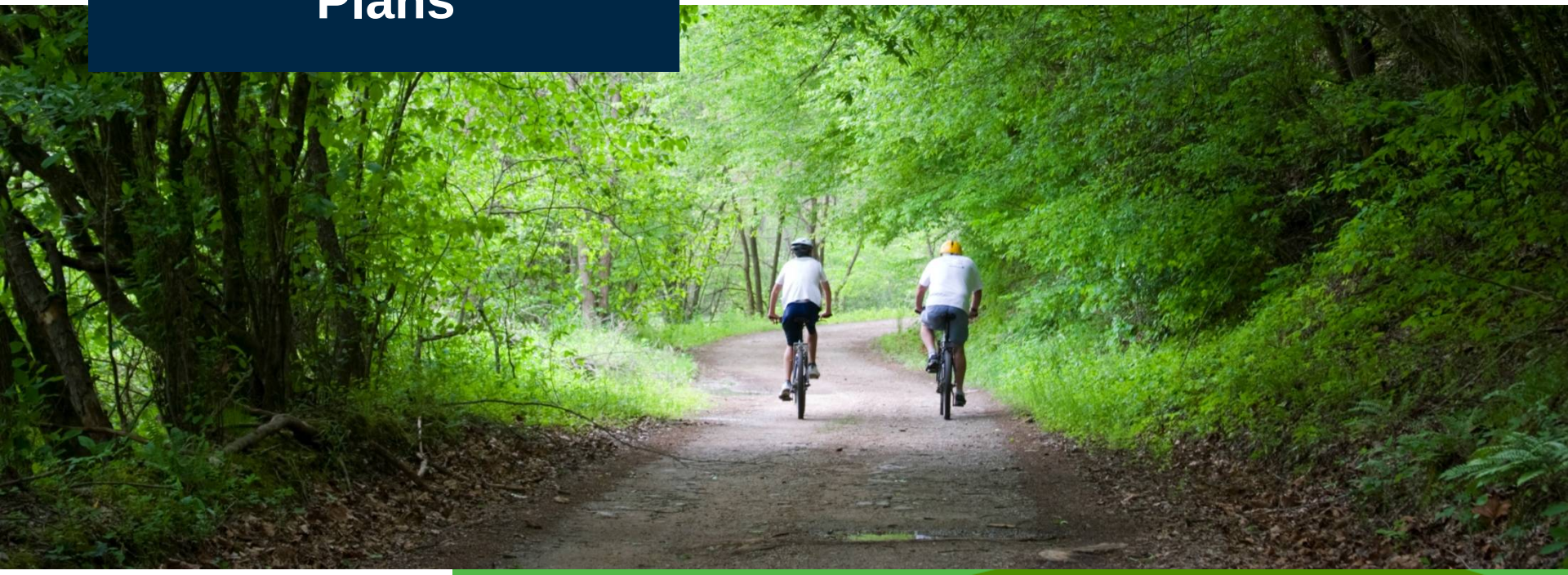
www.shpnc.org

www.nctreasurer.com

NC Total Retirement Plans



North Carolina
Total Retirement Plans

Return to Work Policy: How it Works

- After you retire you can return to work as an employee after a 6 month waiting period.
- If you return as a full-time contributing member, your retirement will be suspended.
- If you return on a part-time basis as a non - contributing member you will be subject to an earnings restriction – “your earnable allowance.”
- Your “earnable allowance” will be the greater of 50% of your compensation during the 12 months preceding your retirement date or $31,600.

50%

of compensation during the 12 months preceding your retirement

OR

2016 earnings maximum of:

$31,600

ORBIT: Online Retirement Benefits Through Integrated Technology

Services available via North Carolina ORBIT

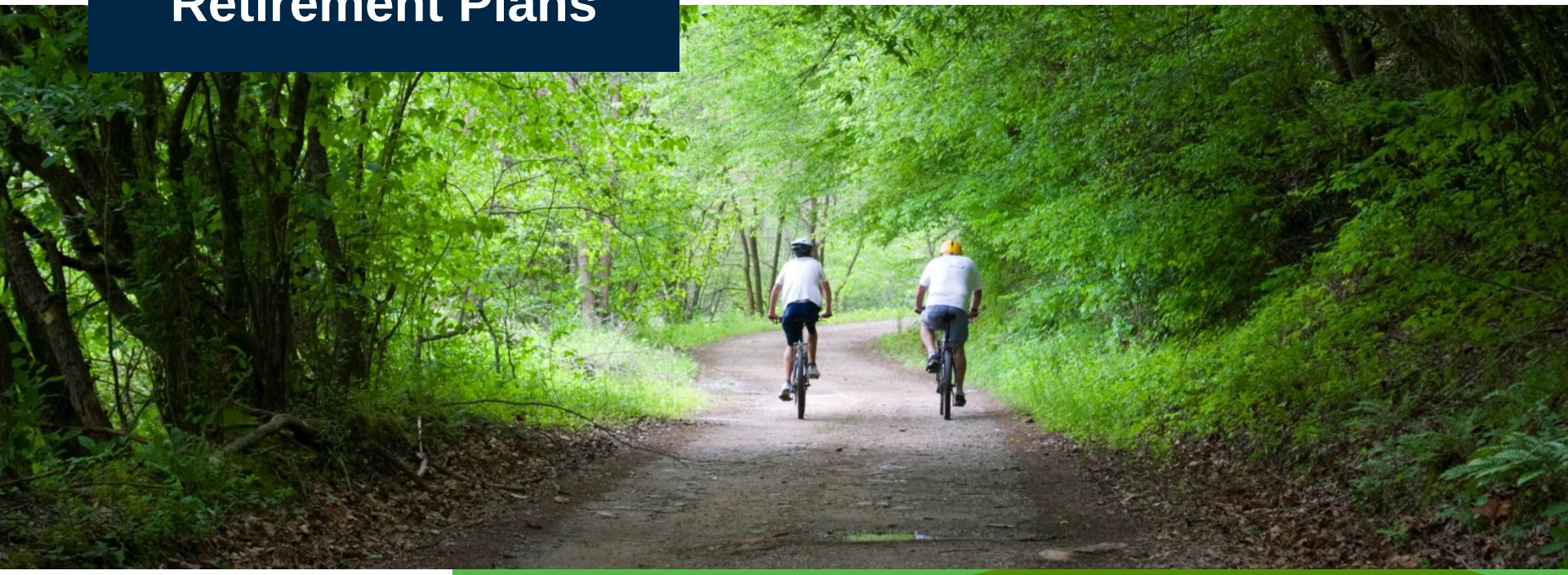
Active employees

- Annual Benefit Statements
- Retirement estimates
- Service purchase cost estimates
- NC 401(k)/NC 457 Transfer Benefit estimates

Retirees

- View account information
- Change address, phone and email
- Maintain tax withholdings
- View and download1099-R
- Generate income verification letters

NC 401(k) & NC 457 Retirement Plans



North Carolina Total Retirement Plans | 401k | 457

Take Charge of Paying for Your Retirement

Enroll

- In your NC 401(k)/ NC 457 Plan

Allocate

- Your investments

Consolidate

- Into your NC 401(k)/ NC 457 Plan

Increase

- Your contributions regularly

Catch-Up

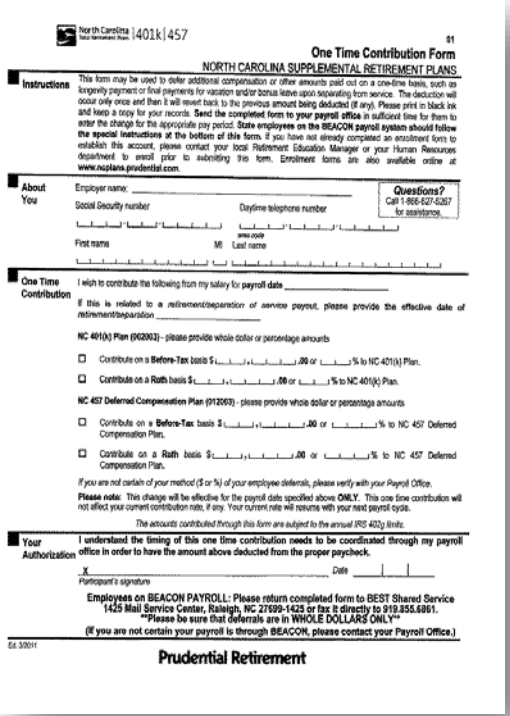
- By making additional contributions if you're 50 or older

Rollover assets may be assessed fees or other surrender charges. Please contact current account provider for this information.

One Time Contribution

Contribute up to 80% of final payout to your NC 401(k)/457 account:

- Defer taxes while increasing your account value
- Obtain a form at NCPlans.prudential.com
- Need help? Contact HR or your Retirement Education Counselor



North Carolina Total Retirement Plans | 401k | 457

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One Time Contribution Form

NORTH CAROLINA SUPPLEMENTAL RETIREMENT PLANS

Instructions This form may be used to defer additional compensation or other amounts paid out on a one-time basis, such as longevity payment or final payments for vacation and/or bonus leave upon separating from service. The deduction will occur only once and then it will revert back to the previous amount being deducted (if any). Please print in black ink and keep a copy for your records. **Send the completed form to your payroll office** in sufficient time for them to enter the change for the appropriate pay period. **State employees on the BEACON payroll system should follow the special instructions at the bottom of this form.** If you have not already completed an enrollment form to establish this account, please contact your local Retirement Education Manager or your Human Resources department to enroll prior to submitting this form. Enrollment forms are also available online at **www.ncplans.prudential.com**.

About You Employer name: _____

Social Security number ___ - ___ - ___

Daytime telephone number ___ - ___ - ___ (area code)

First name ___ MI ___ Last name ___

Questions? Call 1-866-627-5267 for assistance.

One Time Contribution I wish to contribute the following from my salary for **payroll date** _____

If this is related to a *retirement/separation of service* payout, please provide the effective date of *retirement/separation* _____

NC 401(k) Plan (002003) - please provide whole dollar or percentage amounts

☐ Contribute on a **Before-Tax** basis $___,___,___.00 or ___% to NC 401(k) Plan.

☐ Contribute on a **Roth** basis $___,___,___.00 or ___% to NC 401(k) Plan.

NC 457 Deferred Compensation Plan (012003) - please provide whole dollar or percentage amounts

☐ Contribute on a **Before-Tax** basis $___,___,___.00 or ___% to NC 457 Deferred Compensation Plan.

☐ Contribute on a **Roth** basis $___,___,___.00 or ___% to NC 457 Deferred Compensation Plan.

If you are not certain of your method ($ or %) of your employee deferrals, please verify with your Payroll Office.

Please note: This change will be effective for the payroll date specified above **ONLY**. This one time contribution will not affect your current contribution rate, if any. Your current rate will resume with your next payroll cycle.

The amounts contributed through this form are subject to the annual IRS 402g limits.

Your Authorization **I understand the timing of this one time contribution needs to be coordinated through my payroll office in order to have the amount above deducted from the proper paycheck.**

X _____ Date ___

Participant's signature

Employees on BEACON PAYROLL: Please return completed form to BEST Shared Service 1425 Mail Service Center, Raleigh, NC 27699-1425 or fax it directly to 919.855.6861.
****Please be sure that deferrals are in WHOLE DOLLARS ONLY****
(If you are not certain your payroll is through BEACON, please contact your Payroll Office.)

Ed. 3/2011

Prudential Retirement

Plan Withdrawals Carefully

- Do nothing! Keep your funds in the Plans
- Rollover: IRA or a new employer's program
  - If you remain an NC public employee, you may continue contributing through your next employer
- Begin withdrawals:*
  - Installment payments (monthly, quarterly semi-annually, annually over a specified period of time)
  - Partial withdrawal (on an as-needed basis)
  - Lump-sum withdrawal
- Transfer Benefit – transfer all or a portion of pre-tax assets to TSERS/LGERS to generate a monthly income
  - Several payment options
  - Lifetime payout for you or designated survivor
  - COLA and refund features
  - For more information go to www.NCLifetimeIncome.org

* Payments are subject to a mandatory 20% federal income tax withholding, and for withdrawals from the NC 401(k) Plan, may be subject to a 10% tax penalty if taken prior to age 59½.

Your Tools, Your Way

- NC 401(k) & NC 457 Quarterly Statements
- Quarterly Newsletter
- Annual Benefits Statement
- Toll-free number 866-NCPLANS (866-627-5267)
- .NCPlans.prudential.com
- Dedicated Retirement Education Counselor

Thanks for Coming!

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Amounts withdrawn before age 59½ may be subject to a 10% federal income tax penalty, applicable taxes and plan restrictions. Withdrawals are taxed at ordinary income tax rates.

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