

Health insurance after you retire

Maintaining your health insurance coverage after retirement is an important part of providing economic security during your retirement. A group health insurance policy gives you access to both a large network of participating providers and to lower group costs for insurance. When you retire, if you have been a member of the Educators Health Alliance (EHA), the Blue Cross plan that insures most of the school employees in Nebraska, you can keep EHA coverage as a retiree until you turn 65. On your 65th birthday, you will need to enroll in Medicare, and consider purchasing a Medicare Supplemental Policy as well as Medicare Prescription Drug Coverage.

Pre-65 retiree coverage

If you have been covered by EHA Blue Cross health insurance for at least five years prior to your retirement, and the district in which you worked maintains EHA coverage for active employees, you are eligible to purchase retiree coverage through EHA until you reach age 65. If you are married and your spouse is insured through EHA, your spouse is eligible for EHA retiree coverage too. Retirees who are married have the option of selecting two single policies when they retire, or they may choose any one of the four coverage options [*employee only, employee and spouse, employee and child(ren), employee and spouse and child(ren)*]. Current premiums for EHA retiree coverage can be found on the EHA web site, www.ehapan.org. There are three simple steps to obtaining retiree coverage through EHA prior to age 65.

1. Blue Cross will mail you a packet of materials relating to post-retirement health insurance about 45 days before the end of your contract year in the year you retire. Your regular EHA coverage will last through the end of the contract year. OPS employees should contact Human Resources no later than May 1 in the year you retire to insure that you are moved from OPS group EHA insurance to an individual, direct-bill EHA policy to be effective on the first of the month of your retirement. OPS will let Blue Cross know that you are retiring from their employment, and Blue Cross will send you application forms for **EHA Retiree Coverage**. EHA Retiree Coverage will last until you turn 65. The alternative is COBRA coverage, which lasts 18 months, after which you will need to get health insurance coverage through a different carrier. If you are close to 65 and choose COBRA, you should start Medicare when you reach age 65 to avoid late enrollment penalties for Medicare. The third option will be to leave EHA coverage completely and find insurance coverage on your own. If you don't return the forms on time, Blue Cross will assume that you are leaving the EHA plan and will not contact you further. If you leave EHA, you cannot return.
2. If you select EHA Retiree Coverage, you will need to choose from the four plans that are available to retirees. The premiums for EHA retiree health insurance are lower if you choose a higher deductible amount, but those policies will also cost more when you have to go to the doctor's office or the hospital. Some of the plans qualify as "high deductible health plans (HDHP)" and are also eligible for a Health Savings Account (HSA). A Health Savings Account will allow you to pay for certain

medical costs on a tax-advantaged basis. The HSA account is not the same as a “flexible spending account,” or “Plan 125 account.” Unused money deposited in an HSA account rolls over to the next year if there is an unused balance at the end of the year – it is not “use it or lose it” as is the case with a Plan 125 account. The HSA account cannot be used to pay the premiums for your health insurance, but it can be used to pay any deductible or co-insurance amounts. Your contributions to a qualified HSA account are tax-deductible up to the limits set by the IRS. The maximum contribution allowed changes each year. Consult your tax advisor for more information on HSA accounts. You can learn more about the four insurance plans available to retirees on the EHA website, www.ehaplan.org/retiree-info.

- Your insurance membership card for EHA Retiree Coverage will be mailed to you within 90 days of completing and returning the forms. If you need to see a physician or obtain other medical services before your new insurance card arrives from Blue Cross, you can continue to use your current EHA insurance card until the new card arrives.

You will automatically be enrolled in the \$1,050 deductible Retiree Coverage plan when you begin retiree coverage unless you choose a different plan. You may change to a higher deductible plan to save premium dollars. There are four insurance options for retirees: (a) a \$1,050 deductible plan; (b) a \$2,500 deductible plan; (c) a \$3,800 deductible plan (also known as a High Deductible Health Plan, or HDHP) that is eligible for a Health Savings Account; and (d) a \$4,000 deductible plan that is eligible for an HSA. You can change policies to be effective either Sept. 1 or January 1, depending on when you want to start your new deductible amount. All deductible amounts for all plans start over on January 1 of each year. The chart below compares the medical expenses for the four health insurance options available to retirees. Dental benefits are the same for the four plans. *(The rates below are for in-network providers – double the amounts for out-of-network providers.)*

| | \$1,050 deductible PPO plan | \$2,500 deductible PPO plan | \$3,800 deductible HDHP HSA eligible | \$4,000 deductible HDHP, HSA eligible |
|---|------------------------------------|------------------------------------|---|--|
| Co-insurance | 20% | 30% | 10% | 30% |
| Max. out-of-pocket including deductible | \$4,900 | \$7,350 | \$4,350 | \$6,300 |
| Primary care | \$35 | \$50 | Included in ded. | Included in ded. |
| Specialist | \$55 | \$70 | Included in ded. | Included in ded. |
| Urgent care and emergency room | Copay, deductible, and coinsurance | Copay, deductible, and coinsurance | Deductible, and coinsurance | Deductible, and coinsurance |

Since retirees must pay both premiums and all out-of-pocket expenses themselves, you may benefit from switching to a higher deductible plan. In order to make a decision about which plan to choose, you should consider how much you paid during the most recent calendar year for:

- Office visit co-pay
- Deductible for medical care
- Co-pay for medical care
- Co-pay for prescriptions

Be sure to consider any savings in premium associated with making a change.

Give careful consideration to your costs before deciding to change plans. If you move to a higher deductible plan, you must maintain that plan for a minimum of three years (or until you reach age 65, whichever comes first) before you can change back to a lower deductible amount.

Medicare Coverage

If you are still working when you turn 65, you will enroll in Medicare to become effective the first of the month in the year you retire. If you are already retired when you turn 65, you will sign up for Medicare when you actually turn 65. There is a seven-month window to enroll in Medicare, starting 3 months before your 65th birthday month, including your birthday month, and ending 3 months after your birthday month. Medicare suggests that you sign up 1-3 months before you turn 65 to be sure that you do not miss out on important Medicare coverage. Medicare coverage begins the 1st of the month during which you turn 65, if you enroll on time. If your 65th birthday is on the 1st of the month, your Medicare coverage will begin one month prior to your birthday month.

If you chose COBRA coverage after you retired, be sure to begin your Medicare coverage at age 65 to avoid late enrollment penalties from Medicare.

If you are receiving Social Security retirement payments or Social Security disability payments prior to turning 65, Medicare will automatically send you enrollment forms for Medicare.

There are several “parts” to Medicare that you can choose. **Medicare Part A** covers inpatient hospital, inpatient skilled nursing, home health care, and hospice care. There is no premium for Medicare Part A coverage if you paid into Social Security while you worked. **Medicare Part B** covers doctor services, durable medical equipment, home health care, X-ray and lab services, and out-patient services. Medicare Part B is optional and has a premium. Unless you have coverage from a different source, it is in your best interest to sign up for Medicare Part B – the premium can be paid by deduction from your Social Security check, if you wish. Medicare Parts A and B provide basic coverage through “traditional Medicare,” but there are deductible and co-payments for which you are responsible. You can purchase a **Medicare Supplement** to pay for the deductible and co-payments. Information regarding Medicare supplements is contained in step 2 below. **Medicare Part D** provides prescription drug coverage.

There are three easy steps to follow in moving from EHA Retiree Coverage to Medicare at age 65. *(The steps are the same if you are still working when you turn 65. The only difference: you will need to have Medicare become effective on the first of the month in the year you retire, rather than the month you turn 65.)* The three steps are:

1. Sign up for Medicare about 1-3 months before you turn 65. If you receive the automatic enrollment information (because you are receiving Social Security payments prior to age 65), you will automatically be enrolled in Medicare Part A and Medicare Part B unless you notify Medicare that you do not want to enroll. If you do not get the automatic enrollment information, you can get enrollment

information on the Medicare web site, www.medicare.gov, or call Medicare at 1-800-MEDICARE (1-800-633-4227). Social Security can help you with signing up for Medicare Part B. You can reach Social Security at 1-800-772-1213.

2. If you currently have EHA retiree coverage, about 60 to 90 days before you turn 65 you will receive a mailing from Blue Cross regarding **Educators' Medicare Supplement**. If you are not covered by EHA insurance when you turn 65, and you are a member of NSEA-Retired, you can enroll in Educators' Medicare Supplement by calling Blue Cross at 1-800-676-2583 or 1-800-562-6394 to request information and enrollment forms. Educators' Medicare Supplement is a Medicare Supplement underwritten by Blue Cross of Nebraska which is endorsed by NSEA-Retired. Be sure to specify that you want information about **Educators' Medicare Supplement** when you call. Educators' Medicare Supplement will pay your deductible and co-payment amounts while you are on Medicare. Because **Educators' Medicare Supplement** is only available to EHA subscribers and NSEA-Retired members and their spouses, and is not available to the general public, it is able to offer both **Plan F** and **Plan G** supplements. The only difference between the two plans is that Plan F pays your Medicare Part B deductible; Plan G does not. Both plans pay all required copays.

You will be given the option to enroll in our dental coverage when you make your initial enrollment in Educators' Medicare Supplement. The dental coverage is the same dental coverage provided by EHA for PPO Dental Parts A, B, and C that you had as both an active employee and as a retiree prior to age 65. If you decline the dental coverage when you begin your initial enrollment, you will not be allowed to enroll in the dental coverage at a later time. NSEA-Retired recommends that you enroll in the dental plan when you sign up for the Medicare Supplement.

You can sign up for your Medicare supplement during a six-month period, starting when you are age 65 or older and are covered by Medicare Part B. If you sign up for the Medicare supplement during this "window," there are no waiting periods for preexisting conditions. After this six-month window of eligibility ends, no insurance company is required to sell you a Medicare supplement. NSEA-Retired recommends that you sign up for your Medicare supplement when you receive the enrollment information for Educators' Medicare Supplement in order to avoid any gaps in coverage. Current premiums for Educators' Medicare Supplement can be found on the NSEA-Retired web page, www.nsea.org/retired.

3. When you sign up for Medicare and your Medicare supplement, you should also sign up for **Medicare Part D**, the prescription drug coverage. NSEA-Retired does not endorse any provider for Medicare Part D, and suggests that members consult the Medicare web site, www.medicare.gov, to find a provider that will cover the drugs that you actually use.

Additional information and help with enrollment in Medicare can be obtained by calling the Nebraska Senior Health Insurance Information Program, SHIIP, at 1-800-234-7119.